Relatório Anual 2009
Annual Report

Grupo Media Capital, SGPS, S. A.

INDEX

NOTE:

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

Chairman Letter

As expected, for many sectors and companies 2009 was a very serious test of their ability to reach acceptable profitability and efficiency levels in a strongly adverse external environment.

Media Capital Group, operating in a field that is especially prone to external concerns and sensitivities, also had the task of safeguarding not only its great aim of promoting the identity, culture and language of Portugal, viewed in more and more geographies, but also its great professional skill and total independence as a social communication medium.

In large part due to an exemplary performance from its main asset, its staff, Media Capital Group managed to over-deliver, returning performance figures that pay great tribute to all those that work within it, from turnover to net income, via cash-flow generation. In fact, the Group cemented its leadership position in Portugal as a social communication and audiovisual group, at the same time establishing themselves as an example of independence, recognised by the market.

It is equally important to emphasise that these aims were achieved without compromising the future performance of the Group. In line with best practice, adversities can also serve as a stimulus for reorganising and motivating to do more and better. Which is what happened. The Group's culture has emerged stronger, the intra-group synergies in terms of content and costs are intensified and the search and creation of new products has become more agile. Today we are a better Group.

But this is an unfinished task. It will always be. The challenges continue, either in the same form, or more intense, or fully transformed. Without a cohesive and pro-active attitude like the one we followed, it would be impossible to sustain the values outlined in this brief message. Media Capital Group's senior management is well aware of this enduring fact, and I must pay tribute to the executive management team's excellent work and the confidence I have that it will do everything it can to continue to respond to its many, complex challenges in the best way possible.

Jaime Roque de Pinho d'Almeida
Queluz de Baixo, March, 2010

As of the second half of 2008, the impact of the economic and financial crisis was felt by us all in our day-to-day lives. Boom and bust cycles in the world economy are no surprise, and yet the devastating size of the most recent one, from which we have not yet emerged, has had a particularly acute effect.

The media sector tracks these cycles, and thus has been one of the most affected, with advertising falling substantially in 2009 (around 15% in Portugal). A further issue in this trend was the fact that reducing advertising spend to contain costs offers a fast shortcut to offset the natural fall in income.

It was in this challenging environment that Media Capital Group had the skill to strengthen its leadership position, while maintaining profitability levels that were unmatched in the sector in Portugal. In 2009, the Group achieved consolidated operating income of EUR 267.9 million, a decrease of 7% versus the previous year, while EBITDA was EUR 50.1 million, falling just 5% despite the difficult economic context, partly compensated by gains in share, new income and adequate cost control. In fact costs fell 11% on a like-for-like basis versus 2008. Net income was EUR 17.6 million, 11% down on 2008.

I would like to emphasise that in 2009, 44% of total income for the Group was not dependent on the advertising market and 24% was generated outside Portugal, which obviously is positive as it makes Media Capital Group less dependent on just one revenue stream and just one market.

With its market leadership strengthened in absolute terms and in profitability, and through its sound economic and financial position, the Group thus ended the year in a favourable position for overcoming the challenges it faces.

I would especially like to thank all the Media Capital Group staff, who are primarily and most directly responsible for the good performance of the Group's various companies.

TVI has once again led the field, maintaining its leadership position in audiences. Our channel led for the fifth consecutive year, with average shares for free-to air TV of 35.0% for full-day and 40.4% for prime time.

2009 was also a historic year for the new challenges it brought. TVI launched its first themed channel, thereby fulfilling an objective the Group has had for some time. TVI24 launched on 26 February, aiming to provide viewers with up-to-date news dynamically and innovatively, covering Portuguese and world events, 24 hours a day. It will be the first of several similar projects in 2010, leveraging our teams' skill and experience and the quality of the Group's content.

This year was also marked by the departure of José Eduardo Moniz from TVI, after 11 years as the channel's Director General, during which time he contributed significantly to making TVI the leading television channel in Portugal.

But the Group's leadership does not stop there. In 2009, the audiovisual production business expanded significantly, registering pro-forma EBITDA growth of 18%, proving the importance of content as a truly differentiating factor. This extra capacity was reflected in more than 1000 hours of broadcasts in Portugal and 3800 hours in Spain, meaning that Plural is potentially one of the three main Iberian groups in audiovisual production. The customer base is broad and well expresses the added value that the Group stands for in the market – from TVI to the general interest operators in Spain, Cuatro, Telecinco and Antena 3, not forgetting the independent channels in Spain. Similarly, international sales of content produced in Portugal and Spain have continued to develop, through the opening of new markets.

International expansion, leveraging the complementary strengths of Plural Portugal and Plural Spain, continues to be an investment area for the Group for 2010, particularly with the opening of Plural Brazil.

A further initiative leveraging synergies and international roll-out is the Image City project, designed for quality, scale, competitiveness and efficiency, key variables for the growth and success of the sector. In 2009, further steps were taken towards locating it in the Sintra district. We are confident that bureaucratic procedures will successfully be addressed during the year and that we will progress towards integrating premises and infrastructures that are currently dispersed.

As was the case with Television, the Radio sector has also grown in relative importance during the year. In fact, not only has consumption of this medium increased, but it was also the sector recording the lowest falls in advertising revenues versus 2008 in the Portuguese market. Cumulatively for the year, the MCR channels collectively won around 122 thousand new listeners, with gains across almost all the group’s stations, ending the year with an average audience of over 1.350 m listeners, the highest level since 2001. Equally importantly, despite the non-recurring costs that arose during the year, MCR returned to a positive EBITDA contribution.

The Music & Events business suffered the combined effect of the worldwide economic crisis and the physical music market’s fall in 2009. File-sharing, illegal downloads and sales of illegal physical support formats continued to harm the sector’s profitability. Even so, Farol managed to reach a significant market share (17%). Turning to Cinema, as was the case internationally, the impact of 3D led to box office revenue growth across the whole market of 5%, with part of this result arising from the strong portfolio of films distributed by CLMC, especially “Ice Age 3” and “Avatar”. However, the migration to digital in the video market with all its consequences, as well as the end of the Warner Home Video contract and the recognition of non-recurring costs both in Video and in Music & Events greatly harmed its operating performance. Given the nature of these costs and the strategic and operational measures in implementing them, we expect a significant improvement in the area’s performance in 2010.

In 2009, MCM (Internet) invested solidly in innovation, renewing its corporate image and aiming to strengthen the company’s announcement to the market of operating two main business lines: digital media and services for the corporate market. Its internal structure was optimised and reorganised, following the best practice for its field. In terms of output, its operations were reoriented towards strengthening the size of the content and service offering and to promote editorial sites, opening the door to assessing and developing joint operations with other business units, exploiting synergies in an increasingly convergent industry. Over 120 million pages were visited each month by more than one million unique users, a clear demonstration of the interesting and attractive content offered and the potential created, through the excellent platform provided to consumers and advertisers.

Looking to the future, in addition to my earlier comments, the economic context seems more favourable at first sight but also involves a degree of risk, principally regarding the ability to achieve acceptable growth in a sustainable way. However, demand for high quality, differentiating content will surely continue to grow and be valued. On the other hand, the search for organisational structures which are operationally and strategically more efficient will continue to be important for sufficient investment profitability.

Only through everyone’s efforts will we manage to lead in a particularly competitive segment which is subject to diverse external factors. But I am sure that with the support of shareholders, staff, partners and clients we will succeed in overcoming all the challenges that the future has in store.

Bernardo Bairrão
Queluz de Baixo, March, 2010

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MANAGEMENT REPORT

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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 2009. 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

2009 ACCOUNTS

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

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, 2009.

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.

RELEVANT INFORMATION

- In June 2009, Grupo Média Capital SGPS, S.A. announced to the market its divestment of the entire holding in TRANSJORNAL – Edições de Publicações, S.A. to Metro Internacional, S.A., which amounted to 35% of its capital, as well as the balances between this entity and Meglo – Média Global, SGPS, S.A., for an overall sum of EUR 200 k. Given the percentage of capital held, that stake was evaluated using the asset equivalence method. In terms of the income statement, the impact of this divestment was accounted for under the item Others.

GROUP STRUCTURE

Grupo Media Capital is currently the leading media group in Portugal in terms of Revenues, 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 event production activities) and Radio. The remaining companies and business units are grouped in a separate segment called Other. This reporting structure already reflects the corporate changes which took place in 2008 – namely the acquisition of Plural Entertainment España. 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.

As a result, most early indicators in the main world economies point to an economic recovery, while moderate, in 2010, with risk also on a downward trajectory.

				IMF Jan '10		European Com. Nov '09			OECD Nov '09			Bank of Portugal Jan '10			MFAP Jan '10	
	2006	2007	2008	2009	2010	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010
Economic Activity																
GDP	**1,4**	**1,9**	**0,0**	**-2,7**	**0,5**	**-2,9**	**0,3**	**1,0**	**-2,8**	**0,8**	**1,5**	**-2,7**	**0,7**	**1,4**	**-2,6**	**0,7**
Private Consumption	1,9	1,6	1,7	-0,9	0,3	-0,9	0,6	0,7	-1,0	0,6	0,9	-0,9	1,0	1,6	-0,9	1,0
Public Consumption	-1,4	0,0	1,1	4,4	0,7	1,7	0,7	0,7	1,4	0,6	0,6	2,0	0,7	1,1	2,6	-0,9
Investment	-0,3	3,4	0,5	-15,0	0,0	-15,2	-4,1	1,1	-13,6	0,4	2,9	-11,7	-3,4	0,9	-11,8	-1,1
Exports	8,7	7,8	-0,5	-14,4	1,3	-14,0	0,7	3,3	-14,7	1,7	3,2	-12,5	1,7	3,2	-12,0	3,5
Imports	5,1	6,1	2,7	-12,2	0,6	-13,7	-0,2	2,2	-14,4	1,0	2,1	-10,8	0,3	2,7	-10,7	1,5
Inflation & Unemployment																
HCPI	3,0	2,4	2,7	-0,9	0,8	-1,0	1,3	1,4	-0,9	0,7	1,0	-0,9	0,7	1,6	-0,8	0,8
Unemployment	7,7	8,0	7,6	9,6	11,0	9,0	9,0	8,9	9,2	10,1	9,9	-	-	-	9,5	9,8
Balances as % of GDP																
Public deficit	-3,9	-2,6	-2,7	-8,0	-8,6	-8,0	-8,0	-8,7	-6,7	-7,6	-7,8	-	-	-	-9,3	-8,3
Public Debt	64,7	63,5	66,3	75,8	83,3	77,4	84,6	91,1	-	-	-	-	-	-	76,6	85,4
External financing needs	-9,3	-8,7	-10,2	-	-	-8,5	-8,6	-8,6	-	-	-	-8,2	-9,8	-11,3	-	-
Current Account	-10,1	-10,0	-12,1	-9,9	-10,2	-10,2	-10,2	-10,2	-9,7	-10,7	-11,1	-	-	-	-	-

Source: IMF, EC, OECD, BoP, MFAP

In this tough environment, recent 2010 estimates for the Portuguese economy issued before January by various more respected international organisations suggest very moderate growth, although with some executional risk, driven mainly by the expected performance of exports and the critical need to reduce the state deficit. Forecasts available for 2011 do not suggest a significant recovery, with GDP growth expectations between 1.0% and 1.5%. These low economic growth levels are sustained by the high level of public debt, as well as by the reduced contribution from the work production factor, caused by the increase in structural unemployment. As a result of greater external and internal demand, prices should revert to an upward trend, without significant risks of strong acceleration.

Advertising Market Performance

Following the economy's general trend in 2009, the advertising market contracted markedly in 2009, affecting all media (except internet), both in terms of investment volumes and in terms of price, given the pressures placed on the key players during the year.

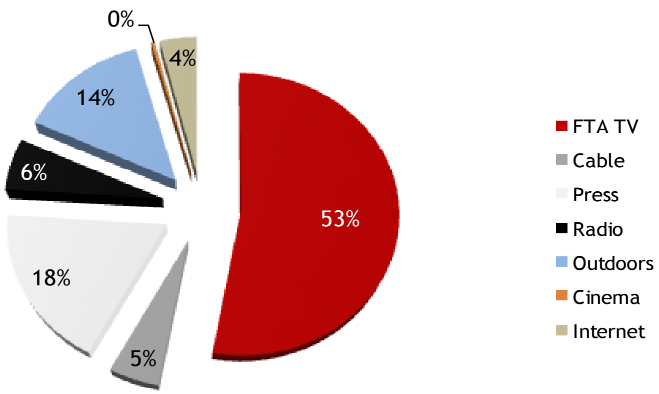
The fall of about 15% in the overall market was specially damaging to the press segment (which posted a fall of about 25%), while the segments in which the Group participates (free-to-air television, radio and internet) were precisely the ones recording the best performances, gaining share (with the internet segment the only to reflect growth, capturing around 15% more advertising spend, a sum which nevertheless stands in contrast to the roughly 50% growth recorded between 2007 and 2008). Furthermore, the Group is estimated to have gained share not only in the total market, but also in the markets where it operates, benefiting from the performance in television and radio. Were it not for the Euro 2008 effect (20 games broadcast by TVI in June of the previous year), the relative performance versus the market would have been even higher.

It is also important to note the fact that in the last quarter of 2009, the advertising market observed the first positive year-on-year performance since the second quarter of 2008, with a clear gradual improvement on the same months of previous years. This trend is expected to continue during 2010, even though the improvements may not be significant, since this year now starting is not expected to see significant growth in economic terms.

Furthermore, the major sporting and musical events taking place in 2010, which may affect advertising investment in various media, mainly in terms of the larger advertisers, suggests a probable year-on-year recovery, mainly in the first half of 2010.

Also important for the advertising market was the sustained increase in subscription TV penetration in Portuguese homes (among the highest in Europe) as well as the number of channels available, resulting in advertising on paid channels performing worse than that of free-to-air channels, demonstrating the importance that the latter have in reaching audiences of sufficient commercial scale.

The market shares for each medium suffered a slight change (in which the decline of press was key):



Source: GMC

MAIN FACTS IN 2009

- During the 2009 financial year, the Media Capital Group posted total consolidated revenues of EUR 268 m, a decrease of 7% versus the prior year.

- EBITDA for the year reached EUR 50.1 m, falling just 5%, despite the difficult economic context.

- The Group achieved total advertising revenues of EUR 149 m, falling 12% like-for-like versus 2008, and is estimated to have gained share both in the total market, and in the segments in which it operates.

- The advertising market recorded year-on-year growth in November and December, with an estimated fall of around 15% in 2009. The segments in which the Group participates (free-to-air television, radio and internet) were the ones recording the best performance.

- TVI led television audiences for the fifth year running, with average audience shares on free-to-air of 35.0% for all-dayand 40.4% for prime-time.

- Audiovisual Production's activity expanded significantly, recording EBITDA growth of 18% on a pro-forma basis, demonstrating the importance of content as a differentiating factor. Plural Portugal produced over 1000 hours and Plural Spain 3800.

- In radio, EBITDA recovered to positive levels, benefiting from the improvement of operating efficiency and outperforming the market.

- The good cash-flow performance allowed a reduction in adjusted net debt to EUR 63.8 m (1.3x EBITDA), thus falling EUR 36 m versus the end of 2008, despite paying dividends totalling EUR 20.4 m in 2009.

BRIEF OVERVIEW OF THE CONSOLIDATED RESULTS

In 2009, the Media Capital Group presented total consolidated revenues of EUR 268 m, which is a reduction of 7% versus 2008. The Group's consolidated EBITDA fell 5% to EUR 50.1 m.

Operating income (EBIT) fell slightly (2%), to EUR 37.6 m, while net income reached EUR 17.6 m, 11% below the 2008 value. Income just from ongoing operations fell 8% in 2009.

In terms of total consolidated revenue performance in 2009, advertising revenues fell 13% (12% on like-for-like terms, i.e. excluding the press activity in 2008, consolidated up to the end of July), with the decrease driven by various activity segments - 12% in the television segment and 6% in radio. In the Others segment, on a pro-forma basis (i.e. without press), advertising fell 10%.

Moreover, it is important to note that in the fourth quarter, consolidated advertising revenues returned to a positive performance versus the year before, growing 3%, which compares favourably to the 17% falls in the first quarter, 21% in the second and 11% in the third, reflecting the improvement of the market situation in the last few months, as well as the good performance of the Group.

Overall, the advertising market fell around 15% in 2009. The segments in which the Group participates (free-to-air television, radio and internet) were precisely the ones recording the best performance, gaining share. Furthermore, the Group is estimated to have gained share not only in the total market, but also in the markets where it operates, benefiting from the television and radio performance. Were it not for the Euro 2008 effect (20 games broadcast by TVI in June of the previous year), the relative performance versus the market would have been even higher. It is equally important to note the fact that in the last quarter of 2009, the advertising market observed the first positive year-on-year performance since the second quarter of 2008, with a clear gradual improvement on the same months of previous years.

In terms of audiovisual production's revenue, its performance reflects not only the consolidation of Plural Entertainment España from May 2008, but also the strong growth of the business. The consolidated numbers under this item appear lower than those of the Audiovisual Production segment, since at consolidated level intra-group movements are removed, including drama sales and the provision of other services by Plural Portugal to TVI.

The Other revenues item shows a negative move of 15%, driven by the sale of the press business, affecting both revenues from off-the-shelf sales and from other revenues from this business. These two items reached EUR 6.4 m in 2008.

Total operating costs fell 7% year-on-year for the same period, despite the impact of the consolidation of Plural España and the TVI24 structure, which were counterbalanced (i) by the effect of selling the press activity, (ii) by the reduction in programming costs and (iii) by the Group's efficiency improvement drive. In fact, excluding the impact of the press activity, the Plural España business and the TVI24 structure, operating costs fell around 11%.

In 2009, financial income went from EUR -8.5 m to EUR -9.3 m, driven both by the impact of the withdrawal of FICA (Cinema and Audiovisual Investment Fund) and by the growth of costs from the interest rates swap that the Group undertook. Were it not for these two items in both years, financial income would have improved EUR 2.8 m, reflecting the solid position of the Group's balance sheet and the context of low interest rates.

As mentioned in previous announcements, the sum of EUR 0.9 m presented as net income from operations discontinued in 2008 results from the final adjustment to the price at which the Group divested its Outdoor advertising business, as set out in the purchase/sale agreement.

Net income reached EUR 17.6 m, 11% below the 2008 value. Taking only the income from ongoing operations, this fell 8% in 2009.

EXPECTED EVOLUTION IN ACTIVITY FOR 2010

The improvements in the main GDP components governing internal spending forecast for 2009 (and, within these, private consumption) suggest a moderately positive outlook for the advertising market in 2010. This view is supported by the market's monthly performance during 2009, which shows a clear deceleration in its decline, and an increase including the last three months.

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, always with the ultimate aim of being a leader in quality and profitability.

In terms of audiovisual production, the Group faces inspiring challenges across several 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 quality, differentiated content from the Group, not just in the geographical markets where it is present but also in others with cultural/linguistic affinities. The Group will also stay focused on deepening the economic/financial analysis provided by the "Cidade da Imagem" project. Although less pronounced, audiovisual production in new areas also deserves mention, such as advertising, where strong growth is expected for 2010, as was seen in 2009.

In Radio, after a year of clear improvements in terms of audiences and operating income, the aims for 2010 are to consolidate existing formats and to continue expansion in terms of geographical coverage. Within this, the excellent performance of M80 will result in a strategic reallocation of the Group's transmitter network, which will increase coverage level for this format and thereby bring an important boost to profitability. This process is forecast to take place during 2010. The investment made across all radio in new business opportunities and market solutions will be maintained, through strengthening the online presence, particularly linking to the general public for the more notable events and musical celebrations in Portugal.

The CLMC (Cinema & Video) business is expected to continue to bring good news in 2010 regarding market growth, by increasing not only the number of films shown in 3D but also the number of cinemas compatible with this technology. The improved economic context will encourage consumers towards entertainment consumption. 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 2010 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. For representation revenue, the effect of the improved economic situation is compounded by the absence of elections. Production activity should also see important growth, both in terms of volume and in terms of events produced.

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.

EntertainmentSocialResponsibilityCoherenceInformationAudiovisualProductionContentsQualityTelevisionMusicCommitmentInternetIndependenceRadioCultureInnovationSolidity

TELEVISION

ResultsEntertainmentSocialResponsibilityCoherenceInformationAudiovisualProductionContentsQualityTelevisionMusicCommitmentInternetIndependenceRadioCultureInnovationSolidityResultsEntertainmentSocialResponsibilityCoherence

ACTIVITY EVOLUTION IN 2009

The TV segment includes TVI and Publipartner, the Group's company operating in the areas of marketing and partnership management, and 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.

As part of the agreement signed between TVI and Zon TV Cabo on 26 February 2009, TVI24 was launched, a new 24-hour news channel. This agreement affects year-on-year comparisons.

In terms of financial performance, the television segment's total operating income decreased 7%. Advertising revenues fell 12% (with a similar percentage excluding Publipartner). Media Capital estimates that the free-to-air advertising market fell around 13% year-on-year, which TVI outperformed in relative terms, despite the comparison base being made more challenging by the broadcast of 20 of the 31 games of UEFA Euro 2008 the year before. Were it not for the Euro 2008 effect, the relative performance versus the market would be significantly higher, a result of the right content management policy and dynamic commercial and market activity. Importantly in the last quarter, income grew 6% year-on-year, with 4% from advertising, driven by the gradual improvement of the market, the performance of audiences and the optimised commercial management of the space available.

Other income in the TV segment increased 40% versus 2008, representing 14% of total revenues (9% in 2008). This was mainly driven by contributions from the new channel TVI24, which began receiving operating income in February, as well as the income from technical support services, which were concentrated in the first quarter.

Operating costs recorded an annual fall of 9% year-on-year. This performance resulted largely from significant savings on programming costs, from the "Euro 2008 effect" and from significant reductions from other sport content and international content. The combined effect of these redressed the increase from national content (namely series) and the costs of the new channel TVI24 which, as mentioned above, began broadcasting this year.

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

Despite the adverse performance from the falling advertising market, it was possible to restrict EBITDA to a fall of only 2% year-on-year in this segment, with margin falling only 1pp from 28% to 27%, through the success of TVI's programming, the search for new revenues and control over costs.

In August 2009, José Eduardo Moniz decided to leave TVI, after 11 years as the channel's General Director, in which time he built and led a team of excellent professionals who stamped their distinctive style on the leading television station in Portugal, and continue to do so.

AUDIENCE EVOLUTION

2009 – Leaders for the 5th consecutive year

In 2009, TVI again managed to be leader in all-day audiences, for the fifth consecutive year, with a share of audience of 35.0%. In second position among the generalist channels was RTP1, which achieved a share of 29.4%, and third position was taken by SIC with 28.6% for the same metric. RTP2 achieved a 7.1% share.

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 40.4% in total individuals, which was 12.4 percentage points above that of the closest competitor, SIC, who had a 28% share. Third position in prime-time was taken by RTP1 with 26.1% market share.

In the overall consumption distribution for free-to-air and codified channels (covering the entire TV market in Portugal), TVI maintains a clear advantage, with a share of 28.7% for all-dayand 34.3% for prime-time. The themed channels distributed exclusively by cable or similar platforms achieved a share of 18.2% in 2009 for all-day and 15.1% for prime-time.

Observed TV consumption behaviour among large population groups suggests that TVI is essentially a female channel, with 64.1% of its audience made up of this target audience, trending towards the middle class (53.1% of viewers) and individuals aged up to 54 (58.9% of the channel's audience comes from this target, with 22.2% of TVI's audience aged under 24). The Housewife target brings TVI 49.5% of its audience.

In 2009, TVI was watched every day by over 6.1 m individuals (average daily coverage from a population of 9.5 m) and in prime-time, TVI programming attracted a daily average of 4.5 m individuals.

Television Consumption

Observing television consumption over the full year, the medium kept up its strong penetration but with some negative variation versus the previous year. Average daily coverage from television was 7.4 m. Its partner metric, average viewing time, showed that for individuals using television, 4 hours and 17 minutes were spent in front of the TV on an average day.

PROGRAMMING

For 2009, TVI maintained its main operating lines, based on a diversified offering of television genres, giving priority to Portuguese-language programming and drama. Analysing the key genres on TVI's broadcast schedule, drama (national and international) dominates, taking 39.7% of TV time, which in large part derives from original content developed in Portugal. In second place is Entertainment with 21.7%, followed by news programmes with 19.7%. Sport occupied 1.4% of broadcast time.

Continuing its insistence on a transparent cultural relationship with the Portuguese viewer, TVI insists that over 70% of its daily schedule should be broadcast in the Portuguese language.

National and International Drama

As part of its strategy, TVI prioritises national output, aiming to ensure the highest quality and high satisfaction for the Portuguese viewer, following high production values even by international standards.

For example, the series "Equador" was aired in the first half of 2009, a TV adaptation of the novel of the same name by Miguel Sousa Tavares, which began screening at the end of the previous year. For all 30 episodes broadcast, this series attracted a loyal audience of 1.3 m, ensuring a leading audience share of 43.3%. Importantly this series also attracted highly differentiated targets: among an ABC1 profile, aged between 25 and 54, it won a share of 41.9%.

In long-running drama, this year saw the end of “Feitiço de Amor”, “Flor do Mar” and “Olhos nos Olhos”, which attracted the highest interest levels for their slots among Portuguese viewers, winning audience shares of 47%, 45.6% and 43.4% respectively.

In line with recent years, TVI regularly broadcast the youth drama “Morangos com Açúcar” to end weekday afternoons during 2009. This programme continues to dominate in this slot popular with a young Portuguese audience before the main news bulletin, leading clearly among the four- to 14-year-olds according to the figures in the following chart:

For the prime-time period, in 2009 TVI launched three new dramas: “Deixa que te Leve”, “Sentimentos” and “Meu Amor” which continue airing into 2010. The first, by Patrícia Muller, launched on 11 May and achieved a daily average of 1.1 m individuals with a share of 45.8% for episodes broadcast during 2009. In June, Tó Zé Martinho’s drama, “Sentimentos”, began airing, which achieved an average audience of 990 k viewers (43.1% share). In October, TVI launched “Meu Amor”, a drama by António Barreira which achieved an average audience of 1.4 m individuals and an audience share of 46.2% at the start of prime-time.

As part of diversifying its drama sub-genres, at the end of October, TVI launched its comedy series “Ele é Ela” in which the story of a man transformed into a woman, and the consequences, won a share of 42.4% in its first nine episodes aired in 2009, corresponding to approximately 880 k regular viewers.

News and Sport

In the news genre, the channel retained three slots a day for current affairs programming in 2009. The day starts at 7am with “Diário da Manhã” to set the day's news agenda, lasting for around three hours. At 1pm, “Jornal da Uma” gives the developments on the key news items and in 2009 achieved a share of 28.5 % over the full week, being the second most viewed lunchtime news programme from Monday to Friday with an average share of 29.6%. At 8pm is “Jornal Nacional” which stayed as a key benchmark for Portuguese viewers during 2009 achieving a regular average audience above 1.1 m viewers and 32.5% share.

During 2009 TVI strengthened its investigative journalism offering, with a broad range of topics collected under the generic heading “Repórter TVI”. In total, 22 of these programmes were aired, attracting an average audience of 1.3 m viewers and 39.9% share. The most notable programme of this series of reports was Conceição Queirós’s programme, filmed by João Paulo Delgado and edited by Miguel de Freitas, called “Musica no Coração” which looked at the “Orquestra Geração” project, a drive for social inclusion through bringing music and young people together in poor Lisbon suburbs. Broadcast on 25 May 2009, it attracted 1.7 m viewers and a share of 52.4%.

In the beggining of September, while the new season’s broadcast agenda was being prepared and aiming at unifying the news programming as well as to contribute to the savings plan in course troughout 2009, the “Jornal Nacional” (premiered on October 2008) transmited on Fridays was changed. Following this process, the Information Direction quited. From September 9th, jornalist Júlio Magalhães assumed the leadership of the Information Department.

2009 was dubbed the year of all the elections by political analysts, involving three different polls for the country and Europe, which TVI covered during election night as well as through specific programming. The “Frente a Frente” programmes were part of this, in which the main party leaders came face to face to debate the General Election, from 2 to 12 September. The three debates aired by TVI together achieved an average audience of 1.2 m viewers with a share of 41.4%.

The ten debates broadcast on the generalist channels recorded an average audience of 1.1 m and a total share of 37.1%. These prime-time broadcasts took a total of eight and a half hours of transmission time and in terms of total audience, which calculates the total number of individuals seeing these broadcasts, were seen by 7.4 m Portuguese according to Marktest.

Regarding Sport, TVI kept exclusive rights for football programmes in 2009, including the Taça de Portugal (Portugal Cup) and the preparation and qualifying games of the Under-21 and AA national teams for World Cup 2010. On average, the seven Taça de Portugal Millennium games attracted 1.1 m viewers and a share of 42.2%. Regarding the Under-21 team, the five qualifying games broadcast by TVI achieved an audience share of 34.9% and the AA team's seven qualifying games for World Cup 2010 won an average share of 63.2% which corresponded to an average audience per game of 2.1 m viewers.

Entertainment

In Entertainment, the mass entertainment programme "Uma Canção para Ti" had a significant part of Sundays, with two series for the first and second halves of the year. The first series of the year ran between March and June (11 programmes) and attracted an average audience of 1.4 m viewers corresponding to an average share of 60.5%. This series led to the discovery of David Gomes as one of the most important vocal finds of the year.

From September 2009, TVI began a new series of "Uma Canção para Ti" which attracted an average audience of 900 k viewers and share of 39.8% over 15 episodes. Through this programme, TVI managed once again to be the most-watched channel on the last night of the year: the final of the third series of this programme led comfortably with an audience share of 43.5% in total individuals, corresponding to a base of over 1 m viewers per minute. The highest spot audience value came at 12.42am, when 1,320,000 viewers were watching TVI, which was also the moment winning the highest share of audience for the programme: 60.2% of viewers watched the acceptance song by winner Guilherme Azevedo.

Between the programme's two series, TVI also broadcast the mass entertainment programme presented by Herman José: "Nasci para Cantar", which won an average share of 41%.

Regarding regular entertainment programming, TVI continued to offer "Você na TV" in the mornings, presented by Cristina Ferreira and Manuel Luís Goucha. Regarded as the happiest Portuguese morning TV, the programme achieved a leading share in 2009 with 33.4% of the viewership, the female target accounting for 36.9%.

In the afternoon, "As Tardes da Júlia", the programme presented by Júlia Pinheiro, remained the most watched for the slot, with a share of 33.3% overall and 35.9% among women.

International Programming

With special emphasis on weekend afternoons, TVI continued to achieve a significant position with an international programme schedule based on series and blockbuster cinema. For its total of around 500 films aired, the Saturday afternoon cinema programme won an average share of 30% and Sunday cinema won audience share of 31.1%.

In February, TVI exclusively screened the annual Academy Awards ceremony for the 11th year, which won a share of 47.7%, allowing viewers to follow the most famous prize-giving in the world live through the dawn.

LAUNCH OF THE NEWS CHANNEL: TVI24

O ano de 2009 foi igualmente um momento de grande significado para a TVI, com lançamento do seu primeiro canal temático, o canal de notícias 24 horas por dia, TVI24.

Launched on 26 February, this channel aims to bring Portuguese viewers news updates dynamically and innovatively, on the events in Portugal and the world, involving a broad range of journalists, analysts and commentators, giving the TV channel a strong and credible personality, aiming to ensure a high diversity of opinion on world events, in real time, 24 hours a day.

A little over 10 months since this project began, and despite only being available through one distributor, it has achieved a significant position among Portuguese consumers, watched daily by over 900 k viewers with a all-dayshare of 17% in the universe of news channels produced in Portugal. TVI24's share of audience rose to 18.5% during prime-time.

During the year, the following were the key programmes in its regular programming: “Prolongamento” (39,000 viewers on average), “Mais Futebol” (32,000), “Internacional TVI” (29,000), “Cartas na Mesa” (21,000), “Jornal de Domingo (19,000), “Roda Livre” (19,000), “Edição da Sete” (16,000) and “Cara a cara” (16,000).

In terms of special programming, the key features of the year included coverage of the three elections of 2009, the specials on Michael Jackson, coverage of the Ibero-American summit, the Benfica election, the specials on the national football team and the broadcast of the Montreux Tournament.

OTHER REVENUE SOURCES

Within Other Revenues earned by the station, an important contribution was made by revenue from provision of the TVI24 signal, exclusively issued over the ZON platform in 2009.

TVI's brands, mostly in-house and Portuguese, exist beyond the parent programmes, through licensing projects which bring tangibility and proximity for television viewers, sourcing additional revenues for the company at the same time. Despite being affected by the economic downturn which led to reductions in the marketing budgets among potential licensing partners, 2009 was once again a year for the “Morangos com Açúcar” brand and the family of spin-off brands, through innovative products linking with great national and international brand partners. Examples include Singstar® Morangos com Açúcar for PlayStation®2 and PlayStation®3, a fully Portuguese entertainment product which is a pioneer for both brands, and “LOL SummerCamp sponsored by Morangos com Açúcar”, a holiday camp aimed at young people between 12 and 15, who dream of holidays with the flavour of strawberries (Morangos) and a week full of unique activities, among them participation in a dance workshop and pre-casting for the series. These and other products, promotions and events using the Morangos com Açúcar image and branding strengthened its positioning in 2009 as a national benchmark brand in this area against its target audience.

In a particularly difficult year, TVI ran multimedia projects with intense marketing activity, which combined high creative skills, experience in entertainment solutions and usage of innovative tools and solutions in close collaboration with its partners, leading to an important contribution from this business area, as well as bringing high dynamism and interactivity between viewers and programmes. Examples of this include the countless items and pastimes in the entertainment programmes and the constant novelties among the call TV programmes.

2009 was also the year in which the image, structure and content of the TVI site was revamped in parallel with the TVI24 site launch, coinciding with the TVI television channel launch, which brought growing and sustained traffic to the TVI site, resulting in a quadrupling of results (pageviews).

TECHNOLOGY AND INNOVATION

In Technology and Innovation, 2009 was marked by the launch of the new TVI24 news channel and by investment into the functional consolidation of technological solutions already existing in TVI.

The TVI24 news channel is supported on latest-generation technologies, introduced under a resource-sharing scheme with its “parent channel”, ensuring key competitive advantages both in terms of cost management and key technical issues, to produce news with flexibility, agility, quality and reliability.

This news channel shares the integrated digital news system with TVI, allowing its users to take part in the whole production process for “its content”. The tools available allow news to be edited in a purely digital environment and from computers available at work stations, including subtitling and voicing, access to image archives, placement of graphic content on its “narratives”, which are key to the process of getting programming on air.

Projects begun in the previous financial year, as outlined in that year’s annual report, such as the integration of graphics and infographics solutions in systems operated by journalists or the intensive use of virtual scenography as a way of giving flexibility to production, have contributed significantly to the effective management of media and the consequent operating cost containment for TVI24.

The other key theme with particular import in 2009 was the functional consolidation of the technological solutions implemented at TVI.

Through objectives and concrete actions, the various functional systems within TVI were revised and consolidated to optimise workflows, after reaching significant targets for increasing productivity from installed technical assets.

The steps taken cover areas as diverse as process optimisation in all areas of production and post-production, aiming at the optimisation of use of space and energy resources, including the various areas involved along the value chain for in-house content production, treatment and broadcast.

In sum, TVI now has modern technical assets, which are innovative and effective, scaled to suit real current needs and fully ready for the future. Its human resources have high technical training levels, ensuring effective management along all the value chain in the use of installed technological resources.

The media market’s continual change brings constant needs for investment in technology and human resources training. TVI’s choice of evolutional products and systems, linked to ambitious tactical and strategic visions, means that the calendar can be managed effectively in terms of investments in new technical assets, contributing thereby towards the optimisation of economic and financial resources.

SECTOR PROJECTS

As was the case in recent years, TVI took an active role in various self- and co-regulatory processes within its industry, and made its contribution to various legislative and regulatory documents which were subject to public consultation, both at Portuguese and European level, through its presence in ACT (the Association of European Commercial Television Companies), participating also in the priority definition proposal for the sector by governmental order through the Portuguese Confederation of Social Communication Media.

The following emerged as key regulatory topics affecting TVI activity during the year:

a) 20/03/2009, participation in the advance hearing of the Process for the adoption of the Multiyear Accessibility Plan by the ERC, set out in Decision 05/OUT/2009 of 28/04;

b) 06/04/2009, participation in the public consultation launched by the ERC on the topic of promotional ticker bars leading to the issue of a Directive on the insertion of Promotional ticker bars in TV Programmes, set out in Decision 2/OUT/TV of 04/03/2009;

c) Participation in the public consultation launched by ICP-ANACOM in April on the topic of the digital dividend, with GMC/TVI sending its contribution in 08/05/2009;

d) Participation in the Supervisory Group meetings for the Transition to Digital Terrestrial TV (taking place on 11/05/2009 and 08/10/2009) initiated by ICP-Anacom;

e) Self-Regulation Agreement Proposal regarding use of ticker bars for self-promotion and information on own programming, sent to CPCMS on 08/05/2009;

f) Participation in the public consultation on the European Commission directive regarding application of the rules governing state help supplied to public radio broadcasting, leading to adoption of that directive on 2 July 2009;

g) Participation in the European Commission's public consultation on pluralism in the media, with GMC/TVI sending its contribution on 12/06/2009;

h) Participation in the response to the Commission's Questionnaire on the impact of the Decision put forward in Process COMP/C2/38698 (CISAC);

i) Participation in the definition of the main policy lines for the sector, according to the contribution sent to CPMCS on 14/12/2009.

Overall, TVI presented its practical viewpoint on the extent to which the regulatory tools or specific industry policy measures would affect its activity, in a context of strong reductions in advertising investment, which affect its main means of subsistence, calling attention whenever possible to the cost/benefit relationship of those measures, whenever possible indicating alternative ways to allow equivalent results to be reached with the least economic sacrifice for the industry operators, to encourage the greatest flexibility in the law and strong support for the self- and co-regulatory mechanisms, which are demonstrably more effective, as well as indicating which regulatory measures would be best suited to the market's functional behaviour.

For example, regarding the television industry's fundamental transition to Terrestrial Digital Broadcasting and the subsequent reallocation of the radio spectrum frequencies following the disconnection of the analogue transmission signal ("switch off"), the position given to CPMCS, which it restated in its response to ICP-ANACOM, was that the Government should keep sufficient spectrum for the social media sector to suit needs arising from technological evolution, so that it may continue to perform its extremely important socio-cultural role, taking fullest advantage possible of the experience accumulated in it and specifically allowing broadcast in high definition (HD) as well as the TV programme services currently licensed and franchised to continue.

Regarding the Commission's Directive on the rules on state help to public radio broadcasting, the Commission held an extensive public consultation over nearly six months, publishing two preliminary versions of the document, and after validating the hundreds of responses from those involved, namely various member states (including Portugal) and almost all the public radio broadcast organisations in operation, published a balanced update to the rules to be followed in ensuring compatibility between the various state systems financing operators of public radio broadcasting, based on the standards framework for general economic interest services and replacing the now out-of-date standard of 2001. In doing this, it introduced, through the "standard" evaluation of state help compatibility, best European practice regarding advance analysis of the needs and potential effects of new services (for example, non-linear) on the market, along with a series of process safeguards regarding exemption and independence of the authorities tasked with implementing them.

Regarding the response given to the European Commission on Pluralism, TVI expressed fundamental doubts on the suitability of the pluralism evaluation methods based on the so-called 'indicators', deeming the model put forward by the consultants hired by the European Commission difficult to apply on the ground, and extremely demanding in terms of human resources, as opposed to the simplicity that their authors wished to suggest. Thus, TVI agreed with ACT's main criticism, which was that the MPM (Media Pluralism Monitor) analysis tool would be difficult to implement on the ground, despite being from an academically solid research study. It was concerning that currently the analysis of the existence of pluralism rests above all on a series of subjective value judgements and considerations of a political nature, aside from depending on a complex network of relationships between general competition regulation and specific industry legislation, which means that it requires participation by several industry regulators.

It should be noted that in Portugal, despite the various versions that the so-called "pluralism and non-concentration of social media" law has now had, and for the processing of which TVI/GMC has contributed with comments, it was not possible during the elective term ending last September, to win approval of a text which won broad consensus from the main representative political currents in the country, due to which the legislative process may be run again from the start.

With regard to the response to the European Commission's Questionnaire on the impact of the Decision put forward in Process COMP/C2/38698 (CISAC), which addressed the competition rules set out in the Treaty of Rome on the activity of collecting societies in the area of copyright, in particular that relating to compatibility of territorial restrictions set out in the so-called reciprocal representation accords, TVI expressed its interest in benefitting from a market of multi-repertoire, multi-territory licences, although it does not currently have any service with that geographical scope. Furthermore, despite having had various difficulties in the contractual relationship with the Portuguese Authors Society (SPA) (to which it is obliged to go for licensing radio broadcast rights precisely because of the territorial restrictions which make it effectively a monopoly), and despite any lack of transparency that is generally typical of collecting societies for copyright and similar laws, TVI feels that there is nonetheless the will and mutual respect, and will continue to defend the current model, in which the SPA will continue to function as a one-stop shop, instead of other models in which it would be necessary to negotiate separately with distinct entities for interactive platforms. However, with a respect for healthy competition, TVI looks favourably upon the elimination of territorial restrictions in reciprocal representation accords between collecting societies of different member states.

Finally, regarding the main priorities for the sector, in this new governance phase for the country, TVI has highlighted the issue of the industry's contribution to employment, requested the greatest flexibility for the standards framework to be defined (in line with appeals from Brussels and in view of economic restrictions), outlined the need for modernisation of the legal protection of radio broadcast organisations against international standards tools, mainly against so-called "internet piracy", and aside from those issues mentioned above about pluralism and the digital dividend, suggested alteration of the current policy of encouraging cinema and audiovisual output through reformulation of the model and the involvement of other operators that benefit indirectly from such measures.

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INTRODUCTION

The year 2009 marks a new phase for Plural Entertainment, after consolidation of this business area within the Media Capital Group structure, through acquisition of all the capital of the producer from the Prisa Group in May 2008.

In January 2009, the company presented its new image to the market, made uniform at the top level, which is the face of a company which has decided to cement its position as one of the three largest Iberian operators, as well as deepening its international presence, currently among the five largest Portuguese- and Spanish-language drama producers in the world.

This process – which also involved the reorganisation of the structure and the different production areas in Portugal – set out ambitious growth, innovation, diversification and international roll-out objectives for the various content types.

Aside from the obvious complementary nature of the geographical and linguistic markets between Plural Entertainment España and Plural Entertainment Portugal (Plural Entertainment now has facilities in the USA (Miami) and Argentina (Buenos Aires), as well as the structures in Spain and Portugal), there is also a complementary nature of genres, with Plural Ent. Portugal known for its strength in Drama and Plural Ent. España endlessly excelling in the Entertainment genre.

As well as the quality and diversity of content, the ability to produce for multiple distribution platforms is without doubt one of Plural's added values, with demand growing not only in the Portuguese- and Spanish-language markets but also globally, as is shown by the company's greater export activity in 2009.

Planned to be built in Portugal, the "Cidade da Imagem" project has strong quality implications also for Plural España's content production, and aims to collect in one place all Plural Portugal's production infrastructures and support areas as well as a new outdoor set área. It was considered a Project of Municipal Interest by the Sintra Borough Council, and its being evaluated to be considered a Project of National Interest.

This project aims to bring significant efficiency gains, aside from benefiting the infrastructure companies and allowing even higher product quality levels to be aimed at.

ACTIVITY EVOLUTION IN 2009

The audiovisual production business recorded total operating revenue of EUR 107.9 m and EBITDA of EUR 12.3 m, corresponding to an EBITDA margin of 11.4%.

Analysing 100% of Plural España over the two years, total revenues would have fallen 1%. EBITDA would have grown 18% and margin would have improved 1.8 percentage points.

The Plural España operation's key revenue items grew significantly, driven by (i) production and sale of content to generalist operators (above all Cuatro, Antena 3 and to a lesser extent, Telecinco), as well as (ii) production for independent TV stations. These two businesses grew 44%, which is only partly explained by the alteration of the consolidation boundary and / or non current results. In this regard, in December 2009, Productora Canária de Programas (PCP), a company with a service provision contract with Televisión Autonómica de Canárias, became fully consolidated as opposed to the previous asset equivalence. Without this change to the boundary, the variance mentioned above would have reached 37%.

As a result of this production performance, Plural España managed to redress a large part of Socater's revenue loss from management of the Canary Islands' television (whose contract ended last year). Excluding this contract, as well as the positive and negative non current results of both years and the boundary alterations, Plural España's operating income rose 19% between 2008 and 2009.

Although with only a slight influence, included in the number given above, the acquisition of minority interests in Tesela (19% of capital) assisted the results. This subsidiary operates a cinema production business which is now controlled 100%.

2009 turned out to be a historic year for Plural Portugal, with the number of drama episodes produced continuing to increase – 1,100, which is over 1000 hours of recordings, working together with TVI to ensure the success of its products (cf. TVI's Portuguese series and drama audiences).

As a result of this and the operational efficiency improvements, EBITDA improved 7% versus 2008. Production's international roll-out also went ahead, as well as its output, with sales of its main dramas and the development of new co-production projects in Africa, Europe and South American countries, including Brazil.

PLURAL ENTERTAINMENT PORTUGAL

Plural Portugal kept its place as a leader in audiovisual production in Portugal, especially for drama, but with increasing signs of diversification to other areas, such as advertising. 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 which follows the large international trends (e.g. the Vampire theme), 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 2009.

Plural Portugal continued to grow its number of drama episodes, producing a total of 1100 in 2009, following a strict policy of rationalising human and technical resources, and responding to the demands of an increasingly competitive market.

After two consecutive years of a policy of investing not only in content but also in areas such as direction, graphics, post-production, scenography and costume, Plural Portugal continues to make sure steps for the future, anticipating trends and diversifying its products. To that end, the content research and development office continues its intense search and study of all products and trends in the national and international market, with the aim of generating new ideas and projects, creating partnerships with external entities, namely universities and technological suppliers.

As part of this, Plural Portugal and TVI set up an agreement with Universidade Lusófona and very successfully secured an Autumn course (running in October) at that university on Branded Entertainment, aimed at Portuguese and foreign professionals and undergraduates.

Thus training was one of the company's key activities during 2009. If 2008 was the year for large investments in technology in the areas of video, audio, lighting and graphic equipment, particularly investments in High Definition digital technology, to give the company the most advanced facilities in this field, 2009 was the year of training the teams to use these technologies efficiently.

A partnership with a specialist company brought staff training in the areas of graphics and motion design with the result that today work is done in-house that before was subcontracted, such as generics.

In 2009, the gains from rationalisation of internal processes that result in a more efficient use of human and technical resources, allied to better staff deployment, translated into a clear improvement for the company's operating income, as well as the strengthening of the staff structure, which ended the year with 73 more staff members than at the start of the year.

In 2009, Plural Portugal kept four permanent and simultaneous drama schedules in production, following the end this year of the series Casos da Vida and the dramas Feitiço de Amor, Flor do Mar, Morangos com Açúcar (series 6), Olhos nos Olhos, and the launch of dramas Deixa que Te Leve, Meu Amor, Morangos com Açúcar (series 6 – summer) and Morangos com Açúcar (series 7), Sentimentos and the series Ele é Ela, all on the leading channel, TVI.

Productions ending in 2009	Episodes	Rating %	Share%
Casos da Vida I e II	37	9,3	39,1
Morangos com Açúcar VI	207	8.2	31.2
Feitiço de Amor	348	15	41.4
Flor do Mar	329	12.9	39
Olhos nos Olhos	223	9.1	35.6
Productions premiered in 2009	Episodes	Rating %	Share%
Deixa que Te Leve	206	14	38.4
Ele é Ela	9	9.3	33.9
Meu Amor	57	15	38.7
Morangos VI férias verão	81	7.3	33.6
Morangos VII	76	9.7	30.5
Sentimentos	151	10.9	35.6

Source: Marktest – Markdata Media Workstation / Mediamonitor

The long-running teen series Morangos com Açúcar went into its seventh season, with a new concept. Turning towards the performing arts, the school most aligned with the media in Portugal is placing students in this new series with a special talent for the stage. Continuously broadcast since August 2003 for a demanding public, as young people are, this adaptation to a new concept was chosen to maintain high shares and audience ratings, and to stay leader among the main youth targets. This aim was achieved and surpassed, given that the series' performance improved in terms of ratings and shares.

The series "Ele é Ela" broadcast to great success (the lead programme in its time slot) in the third quarter of 2009 and the three mini-series produced for TVI and still not launched are a further investment in diversification within the drama genre, which Plural always aims for.

In 2009, Plural Portugal also consolidated its advertising department which, in a market that remained highly affected by the economic situation, proved to be very receptive to the terms offered by Plural. Due to a strategy of making the Group's assets profitable through a highly rationalised team, the capacity for offering the market a price/quality trade-off was largely responsible for the department's exponential growth.

Some of the initiatives that contributed to the effective management of resources in 2009 included computerisation of the props and wardrobe storage management, as well as the creation of a creative scenography area in the set-building company.

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 (Antena 3, Cuatro, Telecinco and La Sexta) and the independent channels (Aragón, Asturias, Canarias, Extremadura 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 tam, while others are adaptations of international formats.

In 2009, 3800 hours of programming were produced, including the following key programmes:

- "Hay alguien ahí": Drama series about the supernatural. The first season was broadcast on Cuatro in prime-time, becoming the most watched drama programme in the history of the TV chain. A new series is being recorded in HD.

- "Cuarto Milenio": Currently this programme, which specialises on the world of mystery and the unknown, is in its fifth 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 fifth 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 share of 14.6%, always above the channel average.

- "Vaya Tropa": Weekly comedy co-produced with Pausoka. It launched on Cuatro on 19 December 2009 with 12.5% share and 2.5 m viewers.

- "Reforma sorpresa": Daily afternoon programme on Cuatro, showing quick interior decoration make-overs, broadcast during the last quarter of 2009.

- "Tal cual… lo contamos": Plural produced the afternoon magazine programme for Antena 3 during the year.

- "Informe Pantoja. Todo al descubierto": Documentary about the alleged implication of this artist in an important urban corruption network. Broadcast on Telecinco in prime-time, winning a 15.8% share.

- "Mi familia contra todos": Competition adapted from the French format "My family vs. the nation" produced by Plural for Telecinco.

- "Premios Ondas" Gala: Annual awards ceremony for the historic "Ondas de Radio y Televisión" Prizes with performances by artists such as Norah Jones and Leona Lewis.

- "Premios As del deporte" Gala: Annual gathering of the most important sportspeople of the year and musical performances Hay alguien ahí": Serie de ficção sobre o sobrenatural. A primeira temporada foi emitida na Cuatro em prime-time, tendo-se convertido no programa de ficção nacional mais visto na história da cadeia de televisão. Está a ser gravada uma nova série em HD.

Acordo con V-me: Various production services supplied by Plural Miami to the US cable TV chain aimed at the Latin-American audience.

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): Series such as those mentioned above, "Hay Alguien Ahí" or the youth programme "Morangos com Açúcar", the period drama "Equador", the family series "Inspector Max" 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 majority owned by Plural (80.8%) launched the films "Gordos" and "After" in 2009, which were nominated 11 times for Goya prizes, the Spanish Cinema Academy awards, which included a nomination for best original script, best male and best female, photography and editing.

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

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MUSIC AND ENTERTAINMENT

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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, Lda (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 Eventos Spot, Lda (Spot), a partnership between MCME and Agência Reunião, Lda.

Despite the continuous fall observed in the record market, record publishing continues to be the main revenue source for this Media Capital Group unit. As a result of the partnership with Agência Reunião, artist booking has been gaining increasing weight in turnover, currently representing the second largest revenue source, followed by publishing and concert revenues, despite their smaller relevance.

ACTIVITY EVOLUTION IN 2009

In the Music & Events business in 2009, the economic crisis coincided with the structural fall in the physical market, resulting in a total fall in revenues of 17%. Sales of digital content (essentially full track downloads and ringtones) reversed the growth trend of previous years, falling more than 27%. This decline had a knock-on effect on physical support sales (CDs and DVDs) which declined 16%. This performance resulted in a loss of relative share in the digital market to only 6% of the total business volume for 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.

With regard to new launches from Farol, the highlight in 2009 has been the return of D'ZRT, the first band from “Morangos com Açúcar” (the best-selling album in the run-up to Christmas), as well as the 11th volume of the soundtrack from the same series. Another key project is Rua da Saudade, a multi-artist venture paying homage to the poet Ary dos Santos, and the new album from the artist Mickael Carreira. Mention must also be made of the CD/DVD of Just Girls “Ao Vivo no Campo Pequeno” (“Live at Campo Pequeno”), an MCME production to be broadcast by TVI, illustrating the cross-over content model (concert, published music, TV content). Among the compilations, the highlights have been Coração Sertanejo 2 (Brazilian music), Paris Toujours (French music) and Ministry of Sound – Annual 2009 (dance music).

In the Warner catalogue, 2009 was marked by the launch of “Best Ofs” by artists such as Madonna (“Celebration”), Seal (“Hits”) and Enya (“The Very Best”). Mention should also be made of the new work of Michael Bublé, one of the international albums of Christmas 2009. Sales from the bottom of the catalogue suffered in part due to the reduction in shelf space in some retailers and also due to the focus from distributors on reducing the number of SKUs and rotating stocks, a consequence of the falling market.

In a market perspective, against expectations, due to various elections taking place (namely the local elections), 2009 was also not a strong year for sales of concert tickets (representation revenue), generating a year-on-year decline.

Among the various artists represented by Spot, the highlights in 2009 were the tours by Rui Veloso, Just Girls, Angélico, Pólo Norte and Susana Félix.

In terms of concerts, the year was marked by concerts from Rita Guerra and Just Girls, in the Lisbon and Porto Coliseums.

In terms of financial performance in this area, CD sales fell 38% during the year. The loss in market share (which fell from 24% to 17%) resulted from the lack of projects of the same size as those launched in 2008, such as the new albums from Tony Carreira (the best-selling album in Portugal in 2008), Rita Guerra, André Sardet and Just Girls (at that time the resident band in the teen series "Morangos com Açúcar"). The other revenues from this business unit together fell much less (13%), with an improvement in revenue terms in the event production area.

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CINEMA AND VIDEO

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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 (through Play Entertainment). This business unit results from a partnership established between Filmes Castello Lopes and the Media Capital Group in 2002; the Group currently controls 90% of the company.

ACTIVITY EVOLUTION IN 2009

In Cinema & Video, the cinema market posted a fall of around 2% in spectator numbers, although ticket revenues are estimated to have grown around 5%. This was due to an increase in the average ticket price, largely driven by the premiers of various films in 3D, whose ticket price is higher than normal.

This good performance results from strong releases by 20th Century Fox, in what was a record year for the studio, featuring the films "Ice Age 3" (the most watched film in Portuguese cinemas in 2009, with 667,551 cinema-goers), and "Avatar" (which broke box office records after opening and in two weeks reached the top four most viewed films in 2009 in Portugal, with 417,992 cinema-goers), continuing its excellent performance into 2010. Also key were films "Wolverine", "Night at the Museum 2", "Marley & Me" and "Valkyrie", all by 20th Century Fox and distributed by CLMC. Among the independent films opening this year from CLMC, are the Alejandro Amenabar film "Agora" and the Oscar-winning "Milk", "The Visitor" and "Man on Wire", aside from other box office successes such as "Love Happens" and "New York I Love You".

After the example of 2008, in which DVD sales fell 6% in value and grew 12% in units, in 2009 DVD sales fell again, by 10% in value, growing 5% in units. This decrease was driven for the second year running by a deterioration in the average price (-14%), as well as a decrease in the share of series, which after strong growth in 2007, fell back. In the rental market, the falling trend of recent years continued, although in this specific market there is no reliable information about the total market. CLMC remained second player in the DVD/Blu-Ray market.

Given this environment, operating income from Cinema & Video fell 26%. Cinema revenue saw cumulative growth of 43%, benefiting from positive performances both from Fox's releases, and from those of independent studios, significantly increasing market share. In this regard, during the year, CLMC opened 25 films in cinemas, the same number as 2008, with a market share of 16%, versus 12% in 2008.

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RADIO

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ACTIVITY EVOLUTION IN 2009

In 2009, the advertising market fell approximately 15% year-on-year and within the advertising market the radio segment fell between 4% and 5% versus 2008 in the agency sales channel (according to estimates from various available sources), now representing around 6% of the total advertising market in Portugal.

Despite the year-on-year decline, this was the best sector performance after the internet.

In 2009, MCR developed new growth opportunities among other market sectors and advertisers, which brought an increase in market share in the agency market versus 2008. Overall in terms of advertising revenue (which also includes direct clients), these fell 6% year-on-year.

In terms of audience, the radio sector recovered during 2009, reaching CEA (cumulative evening audience share) of 57%, redressing the fall seen during 2008 (55%) and staying also above that of 2007 (54.6%). In the final quarter of 2009, CEA rose 7.6% year-on-year, corresponding to an increase of around 330,000 listeners.

MCR invested in a broad-ranging portfolio, with stations reaching broad and complementary audiences, and gained across all indicators versus the previous year. The MCR Group grew from 22.2% to 24.1% in its share of audience and from 14.9% to 16.4% in CEA terms, thereby winning around 122,000 listeners in 2009.

To stimulate the growth of the radio market in Portugal, MCR believes that it is necessary to continue to promote the medium and to innovate in its products. The fact that the market share of radio in Portugal is 6% 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.

Rádio Comercial has an Adult Contemporary Music format which strengthens its positioning versus the target market and captures new listeners. “Melhor Música” achieved positive results in 2009, growing from 7.3% to 8.2% CEA, after the gain of 0.7% posted in 2008.

In the last quarter of 2009, Rádio Comercial, which strengthened its morning programming with the appointment of Nuno Markl, was the station growing the most in terms of absolute audience (CEA) versus the previous quarter, increasing 1.1pp to 8.8% (this represents a percentage increase of 14.3%). Versus the same quarter of the previous year, this was a 1.2pp increase (+15.8%).

With its new schedule from the last quarter of 2009, Rádio Clube upgraded its core concept – news and talk radio – becoming a more urban radio station focused on news, whilst creating its own music playlist which is compatible with the tone of news and accessibility that it has adopted.

During 2009, Cidade FM continued to confirm itself as the benchmark station for the younger target audience with a CEA of 14.8% among 15- to 17-year-olds, and a single musical positioning of Current Hits. In the last quarter of 2009 the station showed a positive result versus the same quarter of the prior year, increasing from 4.1% in 2008 to 4.3% CEA in 2009. For the full year, the CEA was 4.5% (4.6% in 2008).

The two complementary formats launched in 2007 both presented very positive results. M80 features hits from the ‘70s, ‘80s and ‘90s, and has sustained a growth trend since its launch, reaching a CEA of 2.1% in the last quarter of 2009, ending the year with a CEA of 2.0%. The station performed excellently in Lisbon and Porto, with 2009 values of 4.6% and 4.7% respectively.

Romântica FM, a station with a unique and distinctive positioning, playing light music sung in Portuguese, presented 20% growth versus the previous period in the last Bareme research study of 2009, with 0.6 CEA points. This station maintained CEA in 2009 of 0.5%, despite owning only 3 transmitters for the whole country.

Best Rock, offering an Urban Rock musical format, showed a resilient performance despite fairly restricted coverage, with a last-quarter result repeating that of the year before (0.5% of CEA) and finishing the year with CEA of 0.5%.

Regarding the general performance of radio on the internet, the MCR brand portfolio increased year-on-year in 2009, by 10% in terms of page views and 21% in terms of unique users, to 11,463,221 and 2,189,761 respectively (month average). Cotonete, the leading site for online music with over 300 themed radios and over 40,000 personal radios, grew 17% versus 2008, recording a monthly average of 1,400,000 unique users and 6,124,000 page views (source: Netscope).

MCR restructured and diversified its 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 the street. Through the creativity of radio communication proposals, the group’s strong online presence, an association with the country’s key musical events, the organisation of concerts or the most important parties, the MCR brands aimed to open new opportunities, which led to MCR’s commercial performance, as mentioned above, being more positive than the market’s.

In this context, MCR’s advertising revenue fell 6% in 2009, -5% in Q409, which was an improvement versus the first nine months, which saw a fall of 7%. The Group estimates that MCR's performance has exceeded that of the Radio market. It should also be noted that in 2009 the Radio market outperformed the overall advertising market, and it was the segment showing the best performance in terms of percent variation, after the internet.

Operating costs fell considerably in this segment, by 16%, as a result of a cost containment drive across the organisation, particularly in terms of the marketing and advertising costs and the reduction of the MCR staff, which has been under way since the last part of the 2008 financial year. This cost structure rationalisation aims not only at making its costs compatible with current segment and market performance, but also to position MCR to be able to stay competitive for future development of radio activity. The reorganisation effort involved the recording of certain costs (above all regarding compensations), which not only should not be repeated in the next few years, but should translate into greater efficiency and operational profitability.

Versus that described previously, consolidated EBITDA for this segment reached EUR 0.3 m in 2009, which compares to a loss of EUR 1.6 m in the previous year.

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INTRODUCTION

In 2009, the internet area revamped its corporate image, aiming to allow it to establish itself as a company offering two main business lines: digital media and services for the entrepreneurial market.

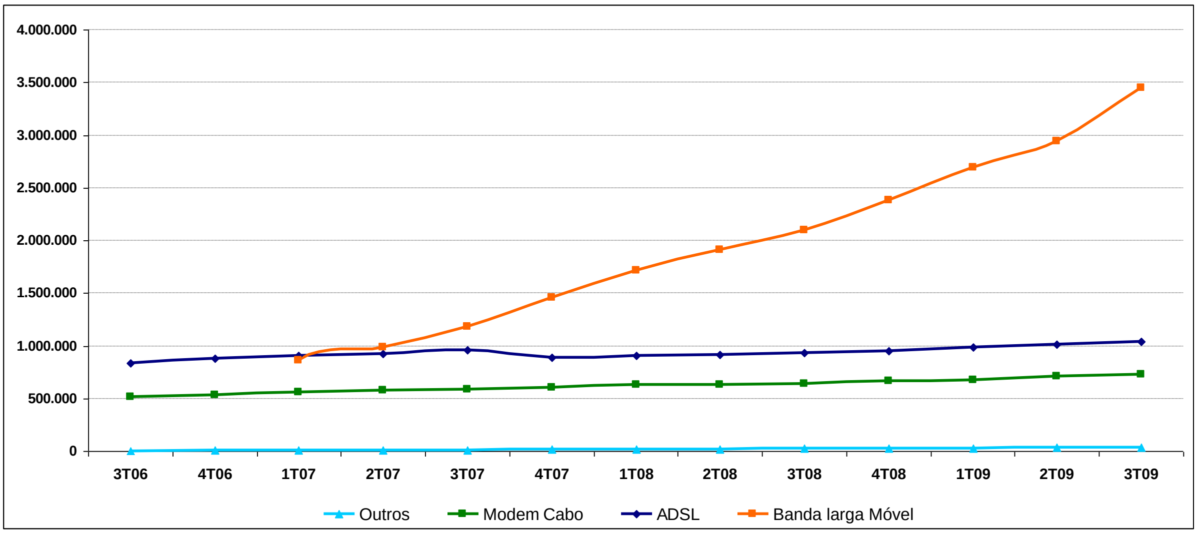
The company reorganised its internal structure, following best practice within its sector and aiming thereby to present itself to the market with a single brand and strategy – Media Capital Multimédia - MCM. Thus, it held a merger operation involving the full transfer of assets of two of its subsidiary companies – Media Capital Telecomunicações and Media Capital Internet – to MCM. MCM's participation in IOL Negócios rose from 69,3% to 100%, after the acquisition (by MCM) of the remaining 30,7%.

ACTIVITY EVOLUTION IN 2009

2009 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 achieve positive operating income for the first time in its internet-based media operation.

Internet sector performance in 2009 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.

Evolution of broad band clients in Portugal



Source: Anacom

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 2009, 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).

Online editing activity in 2009

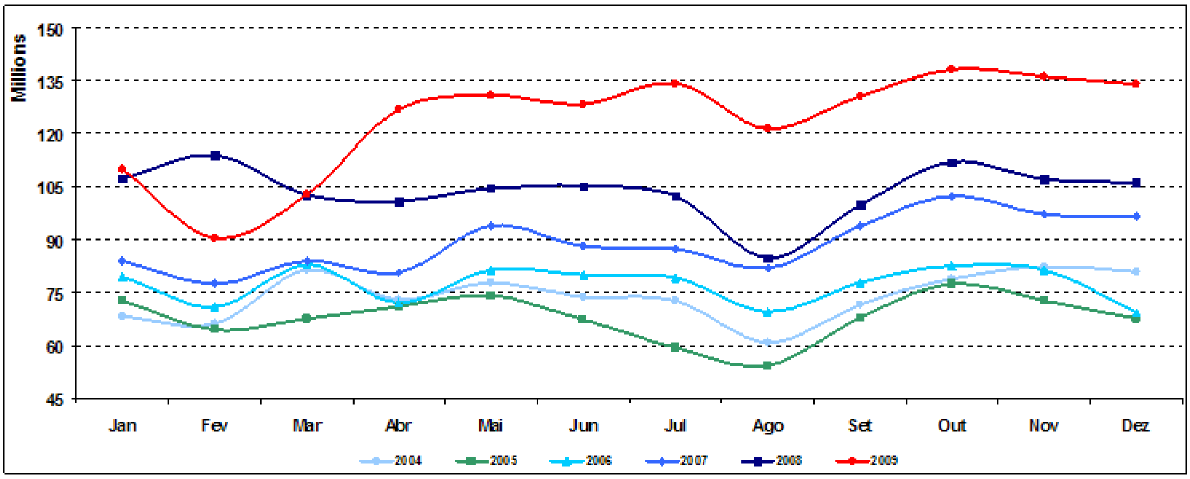
In 2009, multinational competitors increased their presence in the Portuguese market and Social Networking grew substantially. Despite this intensified competitive environment, MCM recorded significant growth in its visitors in terms of page view and unique user indicators.

Various projects aiming to grow traffic, improve quality of visitors on the MCM network of sites and increase advertising revenue took place during 2009, of which the main ones were the following:

January	New Homepage IOL; Launch of Autoportal
February	Launch of TVI24.pt; relaunch of TVI.pt
March	Agreement with MySpace.com
May	MCR websites join MCM's network
June	Relaunch of Mais Futebol
July	Relaunch of Musica.iol.pt
September	Lanunch of LUX.pt
November	Relaunch of Agência Financeira

These projects and the team's dynamism allowed the MCM site network to grow its traffic substantially versus 2008, over 19%, passing an average of 104 m monthly page views in 2008 to over 123 m in 2009, with last quarter averaging over 136 m monthly page views.

IOL *banner views* (monthly)



In March 2009 an exclusivity agreement was signed for management and commercial exploitation of Myspace.com in Portugal, the largest community in the world focusing on music and entertainment. This agreement allowed the company's work in the music sphere to be intensified, which is one of the main channels for brand advertising and sponsorship, not just in terms of content but also in the music events area.

A further good performance was delivered by editorial site Mais Futebol, which broke successive unique users and page views records during 2009 and which finished the year increasing its audiences over 30% versus 2008, opening up good prospects for transforming these audiences into advertising revenues during 2010.

Corporate services activity in 2009

In 2009, this operation slowed in terms of clients, recording a stagnation of its base at around 2,300. The main cause of this stagnation relates to the strong impact of the economic crisis on small and medium-sized companies, the main clients for these services. Even so, the automotive classifieds section had a fairly positive performance and recorded a significant increase in operating income.

In the final quarter, a new business area was launched, under the brand Insite, specialising in design and development services for personalised websites with guaranteed visibility at very competitive prices.

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SOCIAL RESPONSIBILITY

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PRINCIPLES AND VALUES

In 2008, 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 2009, 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.

- TVI News has a dynamic and innovative approach, defending its values of independence, irreverence and credibility, and has continued to inform civil society about the social and humanitarian problems existing within it but going largely unnoticed. In this area, excellent work is carried out by the channel's journalists, whose achievements have been recognised in Portugal and abroad.

- The news documentary "Filhos do Coração", by journalist Alexandra Borges, in 2008, resulted in various benevolence projects – the book and CD

"Filhos do Coração" – raising around EUR 100,000 for Touch-a-life Kids, an American NGO, which is on the ground rescuing and giving children a childhood. In August, the journalist returned to this country to rescue 10 children, whose future over the next 10 years in terms of health, education, nutrition and safety is now safe. The funds raised will also allow a new house to be built in the "Village of Life" orphanage, in Kete Krachi in Ghana, where the rescued children will live.

- "Você na TV" and "As Tardes da Júlia", among other entertainment programmes, opened a window onto countless situations of this kind, and took an important role in raising awareness, support and help for various institutions and Portuguese families.

- In 2009, the journalist Conceição Queirós won the "Menção Rosa" Prize by AMI, O Jornalismo Contra a Indiferença", for the documentary "Entre o Dever e o Medo".

- The documentary "A Vida de Rita" by Alexandra Borges, Ricardo Ferreira, Pedro Batista and Miguel Freitas, about palliative care, was awarded the "Novartis Oncology" Prize.

- "Reporter TVI" featured great works of journalism in this field such as "Terra Desafio Global", "Os Outros Lisboetas", "Sopa Dos Pobres", among others.

- The year 2009 again featured the partnership between TVI and Continente through "Missão Sorriso" ("Mission: Smile"), a Social Responsibility project in the area of Health, which has run for seven years now and is well known among the general public. Through sales of Leopoldina's book, Missão Sorriso concerts featuring the band JUST GIRLS and a Solidarity Line (added value calls) created for the purpose, around EUR 310 k was raised and channelled into supplying medical/scientific, gaming/educational and entertainment equipment for paediatric hospital units across the country, contributing to the improvement of care given to children in these units.

- "A Árvore Amiga" ("The Friendship Tree"), a TVI/ZON partnership, is in its second year, creating a truly charitable bond among Portuguese during Christmas 2009, motivating them to collect donations for Banco Alimentar's Fight Against Hunger (Luta Contra a Fome do Banco Alimentar), with a special focus on children, with the popularity of its Charity Line helping this institution's needs, raising over EUR 36 k.

- TVI also supported various other social responsibility projects throughout the year, during its own programming, such as its coverage of problems including multiple sclerosis, cancer, teenage pregnancy, or bulimia, which was intended to alert viewers to these problems and guide them towards the appropriate attitudes and behaviours for these situations through characters portrayed in drama programming, fully supervised by specialist organisations in this field.

- Radio Comercial had an active role in the Hard Rock Café events, which aimed to use rock music to fight breast cancer. Aside from the high profile given to the event, Radio Comercial presenters hosted three nights, bringing together thousands of people in concerts whose ticket sales revenues were given to Liga Portuguesa Contra o Cancro (Portuguese League Against Cancer).

- In a creative and unprecedented initiative which created plenty of enthusiasm among Cidade FM listeners, the station ran a challenge among its radio presenters to raise awareness about abandoned animals, with the support of SOS Animal. The challenge from the "Abre a Pestana" programme, whose result was broadcast live online on the Cidade FM site, attracted a strong response from listeners, who got in touch via telephone, email and online.

- For the second year in succession, with strong promotional support and marketing around the event, including an auction to raise funds for the fair's organisation, M80 raised awareness among thousands of people about the "Novo Futuro" ("New Future") charity fair, in support of "Buying is Helping".

- As part of a week dedicated to domestic violence, Rádio Clube Português launched an appeal to various local councils in Portugal, challenging them to pay tribute to the victims of this social problem by naming a street after them in their area. The programmes "Minuto a Minuto" and "Janela Aberta" (as well as the RCP site) featured various guests specialising on the subject who approached it from many different perspectives, to help demystify the topic, which sometimes is still a taboo area in Portuguese society.

- Best Rock supported the launch of the Karacter 2010 calendar, dedicating this year to the Centenary commemorations for the Establishment of the Republic which falls during the European Year of the Fight against Poverty and Social Inclusion. Proceeds from the sale of this calendar will go to help various social inclusion projects.

- During the year, various donations were made by radio stations in the Group to several institutions such as AMI, Banco Alimentar Contra a Fome, Ajuda de Mãe, Fundação Portuguesa de Cardiologia, APAV, Operação Nariz Vermelho, Abraço and União Zoófila.

- As in previous years, IOL raised funds to help Associação Portuguesa de Portadores de Trissomia (Portuguese Down's Syndrome Sufferers Association), as well as other institutions. This campaign set out to provide a key financial incentive for this project.

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 promoting Portugal's cultural offering, "Cartaz das Artes" continues to be a benchmark in Portuguese television, receiving the "MAC - Movimento de Arte Contemporânea" Prize for the fifth year running, for Best Cultural Television Programme. 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 Cultural Television Programme Production (Carla Mendes) were awarded too. With 18 awards over 5 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 2009, 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 2008, specifically in providing communication space for Instituto do Cinema e Audiovisual (the Audiovisual and Cinema Institute) (promoting 15 cinematic works), programming supported by sign language (581 broadcast hours), programming in Portuguese with additional subtitling via teletext (387 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".

- 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. 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:

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

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

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

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

Daily information is provided to Media Capital Group advertisers – 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 throughout the group in the selection of subcontractors or suppliers.

EMPOLYEES

Professional training and other benefits

In 2009, 528 employees of the Grupo Media Capital benefited from 4921 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 51 vacancies for trainees in 2009, 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, CENJOR, 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.

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LEGAL PROVISIONS

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LEGAL PROVISIONS

Own Shares

In accordance with Articles 66.º and 324.º of the Portuguese Companies Code, please be informed that during 2009 there were no acquisitions or sales of own shares, and hence on 31 December 2009 the Company held no own shares.

Supplement set forth in Article 448 of the Portuguese Companies Code

With regard to the abovementioned Article, please note that the number of shares held, on 31 December 2009, 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 acções representativas de 94,69% do capital social.

List of Qualified Holdings (as of 31 December 2009)

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 2009:

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 Vigo, Ourense e Pontevedra	4.269.869	5,05%	5,05%

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 2009.

Members of the Board of Directors

	Shares	Nº of shares 31-12-09	Transactions in 2009 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 31-12-09	Transactions in 2009 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 2009 registered a profit of Euro 17.611.793,41 (seventeen million, sixhundred and eleven thousand, seven hundred and ninety three euros and forty one cents).

The individual net result for the year ended on 31 December 2009, as prepared according to IFRS accounting standards adopted by the European Union, was of Euro 595.311,12 (fivehundred and ninety five thousand, three hundred and eleven euros and twelve cents).

Considering teh existance of available reserves, the Board of Directors proposes the following:

1. In accordance with the applicable law and Company's Articles of Association, 5% of the net result to be transferred to Legal Reserves, meaning a total amount of Euro 29.765,56 (twenty nine thousand, seven hundred and sixty five euros and fifty six cents);
2. The remaining net result amounting to Euro 565.545,56 (five hundred and sixty five thousand, fivehundred and forty five euros and fifty six cents) to be transferred to Free Reserves;
3. To transfer dividends amounting to Euro 9.296.450 (nine million, two hundred and ninety sixt thousand, four hundred and fifty euros) recorded as reserves on the 31 December 2009, correponding to, aproximately, 53% of the consolidated net result. The distribution of dividends corresponds to a gross dividend per share of Euro 0.11 (eleven cents).

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.

Acknowledgements

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 11, 2010

The Board of Directors,

Jaime Roque de Pinho D'Almeida (Chairman)

Bernardo Bairrão (CEO)

Manuel Polanco Moreno (Director)

Luis Miguel Gil Peral (Director)

Juan Herrero Abelló (Director)

Juan Luis Cebrián Echarri (Director)

Pedro Garcia Guillén (Director)

Tirso Olazábal (Director)

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CORPORATE GOVERNANCE

ResultsEntertainmentSocialResponsibilityCoherenceInformationAudiovisualProductionContentsQualityTelevisionMusicCommitmentInternetIndependenceRadioCultureInnovationSolidityResultsEntertainmentSocialResponsibilityCoherence

INTRODUCTION

The company Grupo Média Capital SGPS SA (hereinafter referred as to "Media Capital" or "The Company") has chosen to enclose a separate annex to the 2009 Annual Report and Accounts dedicated entirely to the 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 recognizes the importance of good governance in establishing an open and fruitful relationship between the Company's shareholders and its Management. Our principles of Corporate Governance are guided by accountability to shareholders, clear and transparent information to all shareholders, the role of non executive independent board members and the management's desire to meet its obligations to shareholders. Our mission as management is to enhance the value of the shareholders' investment by carefully managing the risks inherent to the business.

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. As the most recent recommendations were issued by CMVM in January 2010, it was impossible to implement them during the 2009 financial year, without prejudice to the company adopting them for the 2010 financial year. Thus recommendations declared as unfulfilled will be partly fulfilled, with full adoption expected for the 2010 financial year.

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 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	Complied	Chapter I I.2

Recommendation / Chapter		Compliance		Description in the Report
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.				
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 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		Complied		Chapter II Section I – II.I.3

Recommendation / Chapter		Compliance		Description in the Report
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.		Not complied This recommendation is partly fulfilled, as the Auditing Committee expects to evaluate the internal control and risk management systems during the 2010 financial year, to be able to intervene fully if necessary.		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 number and may never be less than a fourth of the total number of Directors.		Complied		Chapter II Section I – II.I.1
II.1.2.3 The evaluation of the independence of its non-executive members by the Board of Directors must take into account the laws and regulations in place on independence requirements and the incompatibility framework applying to members of other company bodies, ensuring that the independence criteria are applied systematically to the company as a whole within the correct timeframe. No independent administrator may be considered that could not take on that role in another company body due to applicable regulations.		Complied		Chapter II Section II and Section IV
II.1.3 Eligibility Criteria and Nomination				
II.1.3.1 Depending on the applicable model, the Chairman of the Audit Board, the Audit Committee or the Financial Matters Committees shall be independent and be adequately capable to carry		Complied		Chapter II Section I – II.I.1 e Section II

Recommendation / Chapter		Compliance		Description in the Report
out its duties.				
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 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,		Complied		Chapter II Section IV – IV.1

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

Recommendation / Chapter		Compliance		Description in the Report
approved at the General Meeting.				
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
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.		Não aplicável		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		Not applicable The Company does not adopt the governance model that incorporates the		Chapter II

Recommendation / Chapter		Compliance		Description in the Report
Supervisory Board and to the Chair of the Financial Matters Committee.		general and supervisory board.		
II.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Audit Board				
II.4.1 Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic 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 Auditing Committee, the General Board and the Supervisory Board, or, in the case of companies adopting the Latin model, an independent Director		Not complied In the 2010 financial year, the Auditing Committee intends to introduce a mechanism for internal audit services to report to the Committee itself.		Chapter II Section III

Recommendation / Chapter		Compliance		Description in the Report
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. All the Committees shall draw up minutes of the meetings held.		Complied		Chapter II Section V
III. INFORMATION AND AUDITING				
III.1 General Disclosure Duties				
III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.		Complied		Chapter III III.11
III.1.2 The following information that is made available on the company's Internet website, shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code;		Complied		Chapter III III.11

Recommendation / Chapter		Compliance		Description in the Report
b) Articles of Association; c) Credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Assistance Unit – its functions and access tools; e) Accounts Reporting documents; f) Half-Yearly Calendar on Company Events; g) Proposals sent through for discussion and voting during the General Meeting; h) Notices convening meetings.				
III.1.3. The companies must rotate the auditor after two or three terms, depending on whether these last for four or three years respectively. Maintaining the auditor beyond this period must be based on a specific opinion from the Supervisory Board that expressly analyses the auditor's independence conditions and the advantages and costs of replacing it.		Complied		Chapter III III.12
III.1.4. As part of its remit, the external auditor must ensure the remunerations policy and systems, the effectiveness and functioning of the internal control mechanisms are applied and must report any failure to the company's Supervisory Board.		Not complied Partially fulfilled with regard to the analysis of the effectiveness and the verification of the functioning of the internal control mechanisms.		Chapter III III.12
III.1.5. The company must not contract services other than auditing services from the external auditor, nor any entities that are in a subsidiary relationship with it or that participate in the same network. Where there are reasons for contracting these services – which must be approved by the Supervisory Board and made explicit in its annual report on corporate governance – they should not have more than 30% of the total value of services provided to the company.		Not complied The 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				
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		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 2009, were designated on the Company's annual General Meeting, occurred on March 5th 2008. The members of the General Meeting Board are:

PRESIDENT: Mr. Dr. 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. Dr. Tiago Antunes da Cunha Ferreira de Lemos, Attorney, of Lisbon, domiciled in Rua da Arrábida, 54, 2º Esq., in Lisbon.

The presiding board members of the General Meeting are secretariat by the Secretary of the Company, Dr. Francisco Sá Carneiro, appointed by the Annual General Meeting of Media Capital, held on 5th 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 2009, the members of the General Meeting Board were remunerated for their participation and intervention in the Annual Meeting Board of Media Capital, held on 12th March 2009.

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, and that the account locking of the shares was made until the meeting date.

The Memorandum of Association of Media Capital does not foresee a deadline to the account locking of the shares in cases of suspension of the Meeting Board.

However, the Company recognizes the application of the Recommendation number I.2.2 of CMVM concerning the Code of Corporate Governance, that provides in case of suspension of the Meeting Board, the Company must not oblige the locking of the shares during the total period until the session is resumed, being sufficient the required ordinary locking advance in the first meeting.

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 2008 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's website (http://www.mediacapital.pt) provides a file of the financial information of the Company concerning previous years, as well as information relating to General Meetings, namely the order of business, proposals, decisions and results of votes regarding those meetings, for 3 (three) years prior.

Presence at General Meetings

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

I.3 Intervention of the General Assembly

The Company submitted the remuneration policy for its Board of Directors, Supervisory Board and other company managers for approval by the General Assembly Meeting held on 12th March 2009, 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 2009 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 guidelines and supervise the financial health of the company. The criteria governing the Board's activity at a given moment will be compliance with the company objective, the 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 comprises 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 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.

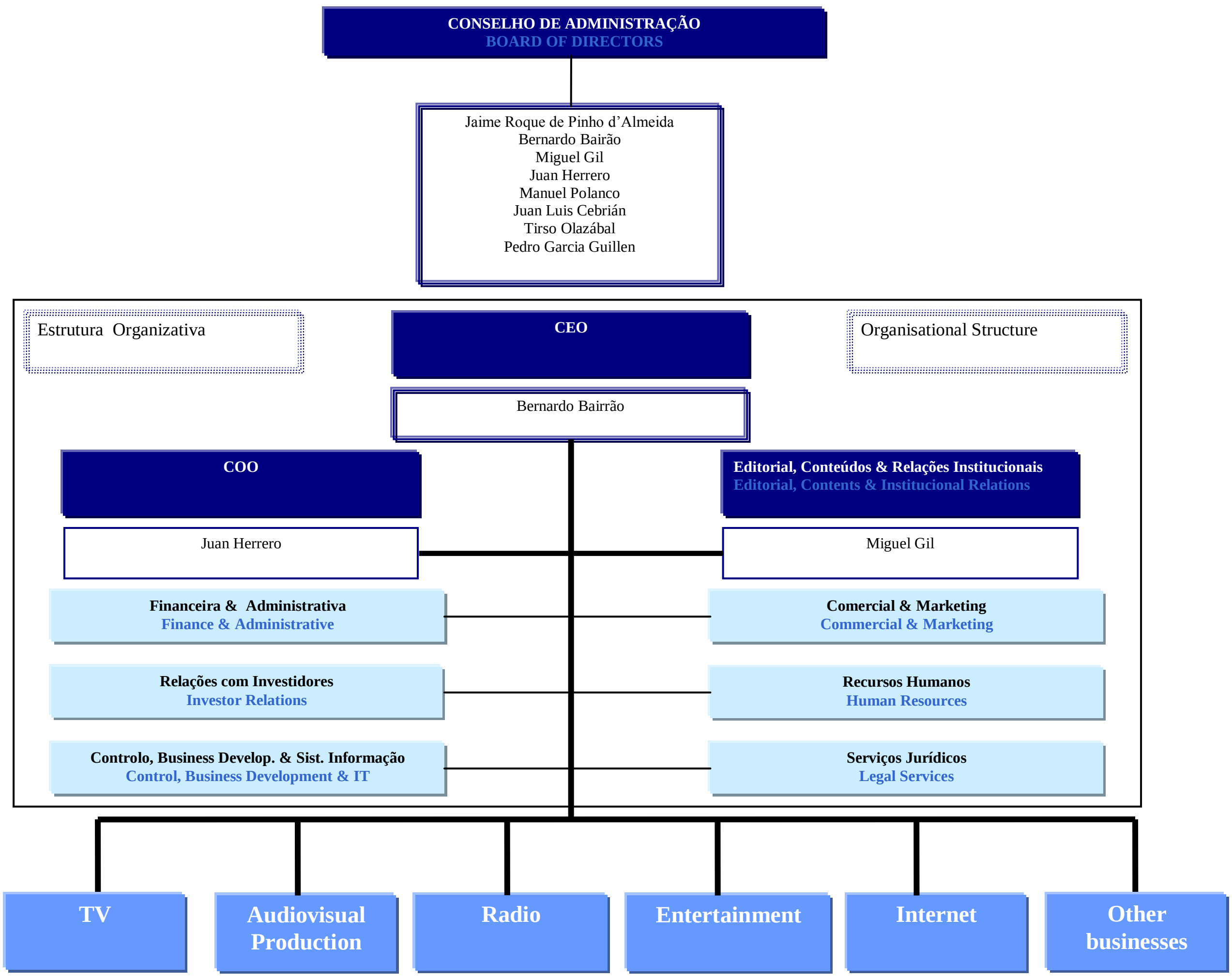
The Auditing Committee is composed by the following members of the Board of Directors:

President of the Auditing Commitee:		
Tirso Olazábal Cavero	Non executive	Independent
Members of the Auditing Comitee:		
Jaime Roque de 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.2Competence 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 holds various functional structures that support the Group's management, which are grouped in Media Capital Serviços, S.A. (a company 100% held by Media Capital). Te 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:

- Identify the risk it faces.
- Measure the impact on the financial performance and on the value of the Company.
- Compare the value at stake with the costs of the hedging instruments, if available.
- 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 expects 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 June 20th 2006, its Deliberation 1-l2006, regarding the renewal of the SIC and TVI television broadcasting licenses, for a 15-year period, in what respects to the program' services known, respectively, as "SIC" and "TVI". ERC also used the opportunity to, on the referred Deliberation, notify those entities to adequate the program services to the Television law requirements, and to the first assumptions on the licensing process and its amendments, as approved by the regulator authority, all in terms that were considered not adequately provided by applicable law.

Broadcasters started a special administrative procedure in order to contest the binding obligations imposed by the regulator. The decision issued by the Sintra Tax and Administrative Court on July 12th 2007 considered that a formal error on ERC's Deliberation had occurred, once TVI had not been heard in prior hearing, and declare 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 of the decision on Central Administrative Court. ERC emitted a new deliberation (2/LIC-TV/2007) on December 20th 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:

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.

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 endeavors to reduce through its policy of financial discounts for early or cash payment. This risk is monitored on a regular basis for each of the Group's businesses with the objective of:

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

Operational

Risks

- TVI and various radio stations operated by the Media Capital Group depend, to some extent, on the continued presence of various well-known anchors, presenters, broadcasters and hosts.
- Fraud risk.

Risk Management

- The Media Capital Group does not have "key man" insurance covering the loss of any of these employees and/or persons but is in the process of establishing an incentive compensation program designed to retain some of these employees. The Media Capital

Group also works hard at training a second tier who would be ready to step in, should the need arise.

- 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 established 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

Media Capital and its company bodies, namely the Board of Directors, approved a Regulation on 12 March 2009 which is available on the company website. This regulation also applies to the Auditing Committee, since it is a part of the Board.

Section II – Board of Directors

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

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

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

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

The article number 19 of the Memorandum of association provides the possibility to replace a Director under the law, and if the Board of Directors declares the definitive default of such Director, in case of unjustified absence to more than 3 (three) meetings of the Board of Directors during a financial year. According to the Board Ruling, the Directors are relieved of their duties in the term for which they were appointed or when the General Meeting decides, through use of its powers, conferred by law or statute; the Directors must place their responsibilities at the disposal of the Board of Directors and formalise, if this is deemed convenient, the corresponding resignation in the cases specified in that Ruling (namely, when they find themselves inadmissible or prohibited as set out by law, when due to harmful action an order of dismissal and specification of a hearing date has been put forward (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 his or her 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 in 2009, the Directors were not faced with constraints.

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 2009, with the participation or representation of all the members, thus guaranteeing the effective management control of the Group. The Board of Directors adopted two deliberations unanimously, in written.

During 2009, 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 2009, the Auditing Committee, within the exercise of its skills, has 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.

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, and the terms and conditions for providing audit services and further service for 2009 were approved.

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 during 2008, has met 5 (five) times, in order to analyze all the financial information in detail, as well as the periodical information released to the market.

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 and as disposed in the law nº 28/2009 of June 19, 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 2009 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 interests 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 2009, 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 its 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.

To determine the remuneration and compensation policy of the company bodies and other managers of Grupo Média Capital, SGPS, S.A., the data and criteria as disclosed by groups of listed companies operating in the Portuguese market were taken into consideration as a comparison base.

<u>Executive Directors</u>
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. It was still defined a remuneration politics directed mainly to the encouraging goals, reflecting its daily involvement and the individual 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 the 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 and (iii) a variable multiannual component, named as Long Term Stock Option Plan ("ILP"), that mainly aims to the achievement of the motivation goals and the executives' retention, which is bind to the pursuit of the consolidated objectives of Group Media Capital, reflected in the strategic plan of 2008-2010, which will be analysed according to certain indicators.

It should be noted that during the 2009 financial year, no increase in the fixed remuneration component was applied for executive Directors. Reductions in the variable component were also approved for Executive Directors, which constitute reductions versus the 2008 financial year.

<u>Non-Executive Directors</u>
The non-executive Directors (including the independent members) earn a fixed and regular remuneration, 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 are 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 2009 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.2Remuneration

The remuneration conferred by the members of the Company's Board of Directors for the year ending 31st December 2009 came to EUR 1,808,578.00, including the remunerations conferred by executive and non-executive members.

The Board of Directors' executive members are not remunerated through Grupo Média Capital, SGPS, S.A., as their fixed and variable pay is handled through the various companies of the group in which they carry out their responsibilities.

Thus for the year ending 31st December 2009, fixed remuneration conferred by the non-executive members (including the independent members) of the Board of Directors came to EUR 384,534.00 (three hundred and eighty four thousand, five hundred and thirty four euros), broken down as follows:

Members in December 31, 2009

Manuel Polanco Moreno	EUR33.459,00
Juan Luis Cebrián	EUR 43.300,00
Tirso Olazábal Cavero	EUR 43.300,00
Jaime Roque Pinho D'Almeida	EUR 137.909,00
Pedro Garcia Guillén	EUR 25.980,00

Members that ceased their mandate during 2009

Joaquim Pina Moura	EUR 71.397,00
Francisco Diez de Polanco	EUR 17.461,00
José Lemos	EUR 11.727,00

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.

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 2009 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, from Spain;

- Mr. Iñigo Dago Elorza, from Spain;
- Mr. Gregorio Marañón y Bertrán de Lis, from Spain.

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 2009, the Committee met once 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.

Without prejudice to other roles that are carried out by the Board of Directors, 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 2009, the Committee met twice 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 2008:

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 Vigo, Ourense e Pontevedra	4.269.869	5,05%	**5,05%**

On 19th 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. As at 31st December 2009, this bid is pending registry by CMVM.

III.3 Para-social Agreements

As far as the Company is concerned, in 31 December 2009, no para-social agreement was celebrated between its shareholders that might have lead to restrictions on the transmission of securities or voting rights.

The Company was aware of the signing of a para-social agreement by its shareholder Vertix, SGPS, S.A., the effectiveness of which is suspended and dependent on the acquisition of shares of the company by Ongoing Media, SGPS, S.A.. The terms of this Para-social Agreement are disclosed on the CMVM website.

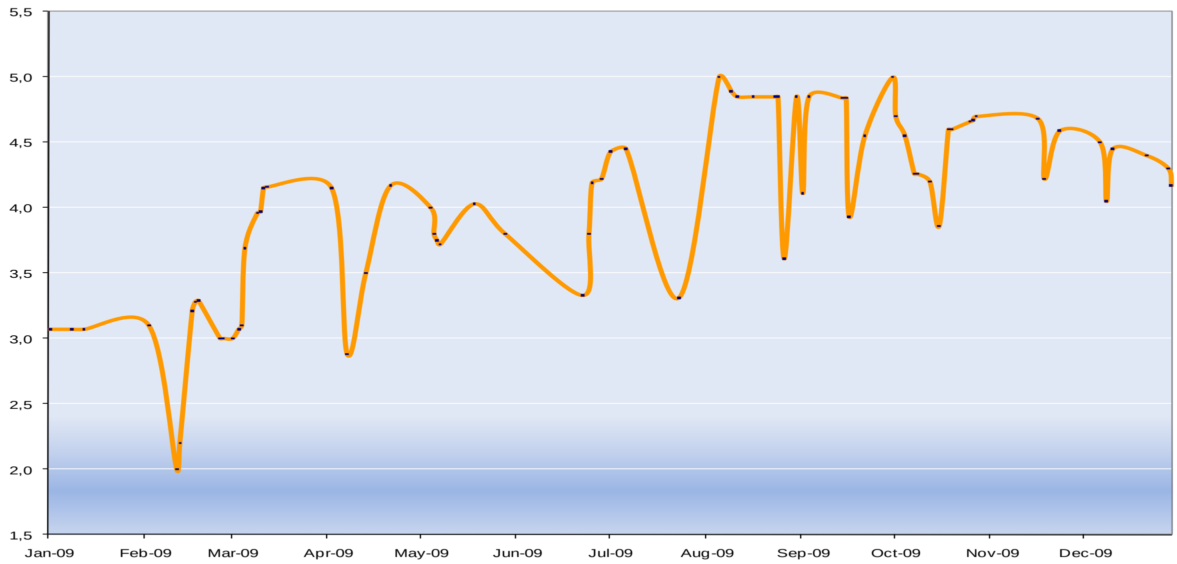
III.4 Amendment of Statutes

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) February 12th 2009 – Disclosure of full year 2008 results
(2) March 12th 2009 – General shareholders meeting approves dividend distribution for the financial year 2008
(3) April 27th 2009 – Disclosure of 1st quarter 2009 results
(4) June 25th – Media Capital anounces negotiations between Portugal Telecom and Grupo Prisa regarding shareholder position in Grupo Media Capital
(5) July 23rd – Disclosure of 1st semester 2009 results
(6) August 5th – Resignation of TVI's General Director, José Eduardo Moniz
(7) September 28th – Disclosure of a shareholder agreement between Grupo Prisa and Ongoing Media
(8) October 21st – Disclosure of 3rd quarter 2009 results

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 2009 results, according to the applicable legal standards.

In 2008, the amount of distributed dividends was of EUR 19.438.031,00, from available reserves registered on the balance sheet in December 31st 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. In 2006 there was no dividend distribution.

III.8 Stock options plans

During 2009 there was no stock option plan or any other incentive system on shares. During 2007, the Media Capital Board of Directors, together with the Corporate Bodies Nomination and Compensation Committee and the Management Nomination and Compensation Committee, have decided to extinguish the Stock Option Plan that had been approved on 22 April 2005.

III.9 Transactions with corporate bodies and related parties

According to the Board Ruling approved on 12th March 2009, 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 2009 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:

- 12th March 2009, signing of a Commercial Loan contract, under the terms of which TVI – Televisão Independente, S.A. granted a commercial loan for the sum of EUR 858,158.00 (eight hundred and fifty eight thousand, one hundred and fifty eight euros) to Promotora - de Informaciones, S.A. given that during the 2008 financial year, Commercial Loan Contracts were signed between TVI – Televisão Independente, S.A. and Promotora de Informaciones, S.A., according to information in the Corporate Governance Report for the 2008 financial year, which renew automatically, on 31st December 2009 the balance of commercial loans was at EUR 16,313,788.00 (sixteen million, three hundred and thirteen thousand, seven hundred and eighty eight euros) as reflected in the accounts and their annexes.

- 5th January 2009, a cash-pooling contract was signed between Plural Entertainment España, SL and Promotora de Informaciones, S.A. for the overall sum of EUR 28,203,624.00 (twenty eight million, two hundred and three thousand, six hundred and twenty four euros).

During the 2009 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.

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. 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 identify the necessities of the financial community that Media Capital, by means of rational use of the resources, tries to satisfy. Therefore, the purpose of Media Capital's Investor Relations department is to provide, periodically, relevant information to all stakeholders, to allow the market to value the company correctly at all times. Media Capital will provide, on its internet site (http://www.mediacapital.pt) the following dis-closures and presentations:

- News alerts;
- Mandatory announcements;
- Monthly audience reports;
- Quarterly results releases and semester result releases;
- Specific company presentations;
- 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 in Lisbon by investors and analysts upon request. 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, with the following professional address:

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

III.12 Remuneration and rotation of the Auditor

The supervision of the Company is executed by Deloitte & Associados, SROC S.A., for the 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 2009, Media Capital had a total cost of EUR 627.202,14 with its auditors on a consolidated basis. The breakdown of these costs is as follows:

1. Legal account review services: EUR 310,000.00 (49.43%);
2. Trustworthiness guarantee services: EUR 3,500.00 (0.56%);
3. Tax consultancy services: EUR 181,113.00 (28.87%);
4. Other non-legal account review services: EUR 132,589.14 (21.14%).

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.

Queluz-de-Baixo, February 12, 2010

The Board of Directors,

Jaime Roque de Pinho D'Almeida (President)

Bernardo Bairrão (CEO)

Luis Miguel Gil Peral (Director)

Juan Herrero Abelló (Director)

Manuel Polanco Moreno (Director)

Juan Luis Cebrián Echarri (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 Seguros for the term 2005/2008. He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011 and was appointed Chairman of the Media Capital Board of Directors in March 12, 2009.

Mr. Jaime D'Almeida is also part of the following companies:

Not part of Media Capital Group:

▪ TMN – Telecomunicações Móveis Nacionais	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 December 31st 2009, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Bernardo Manuel Barreira Antunes Velho Bairrão

Chief Executive Officer 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 is CEO of Plural Entertainment Portugal SA (former NBP – Produção de Video SA) since May 2006. He was appointed as CEO of the Board of Directors on 5 March 2008, for the term 2008/2011.

Mr. Bernardo Bairrão is also part of the following companies:

Part of Media Capital Group:

▪ Meglo – Media Global SGPS SA.	President
▪ Media Capital - Serviços de Consultoria e Gestão, SA.	President
▪ Publipartner – Projectos de Media e Publicidade, Ldª	Manager
▪ Media Capital - Editora Multimédia, SA.	President
▪ Unidivisa - Promoção de Projectos de Media, SA.	President
▪ Med Cap Technologies - Desenvolvimento e Comercialização de Sistemas de Comunicação, SA.	President
▪ 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.	President
▪ TVI - Televisão Independente, SA.	Director

▪ RETI – Rede Teledifusora Independente, S.A.	President
▪ 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.	President

On December 31st 2009, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Luis Miguel Gil Peral

Member of the Board of Directors. Mr. Gil studied at the Faculdad de Ciências de la Universidad Complutense de Madrid, and hás worked as a journalist and editor for several publications in Spain. He works for Grupo Prisa since 1996 and, until recently, was Chief of Staff of Grupo Prisa's Chairman and CEO. Between 1982 and 1996 he worked for the Spanish Government, namely as Secretary of the Government Spokesman. Within Grupo Prisa, Mr. Gil was Director of Corporate Development and Strategy and Director of Corporate Relations. He is also a Board member of Iberbanda, GMI and GMP (companies from Grupo Prisa). Before, Mr. Gil was also Board member of Repsol, Cadena SER and two companies from the Nelson Taylor Sofres Group – Redecampos and Demoscopia. Additionally, Mr. Gil is since 2002 the Secretary of Foro Iberoamérica. He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011.

Mr. Luís Miguel Gil Peral is also part of the following companies:

Part of Media Capital Group:

▪ Meglo – Media Global SGPS S.A.	Director
▪ Media Capital - Serviços de Consultoria e Gestão, S.A.	Director
▪ Media Capital-Editora Multimédia, S.A.	Director
▪ Unidivisa-Promoção de Projectos de Media, SA.	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 December 31st 2009, 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. Mr. Herrero 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.

Mr. Juan Herrero Abelló is also part of the following companies:

Part of Media Capital Group:

▪ 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
▪ Unidivisa - Promoção de Projectos de Media, SA.	Director
▪ Med Cap Technologies - Desenvolvimento e Comercialização de Sistemas de Comunicação, SA.	Director
▪ IOL Negócios – Serviços de Internet, SA	President
▪ Media Capital Entertainment - Produção de Eventos, Lda.	Manager
▪ Farol Música – Sociedade de Produção e Edição Audiovisual, Lda.	Manager
▪ Eventos Spot – Agenciamento e Produção de Espectaculos, Unipessoal, 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 December 31st 2009, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Manuel Polanco Moreno

Member of the Board of Directors. 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 (the first multimedia Sales platform in Spain) and also CEO of GMI (Grupo Prisa's sub-holding that includes its thematic press titles – including the sports daily AS, the financial newspaper Cinco Dias and several magazines – and regional press titles). 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. He is a member of the Board of Directors of Grupo Prisa and of some group companies, including Sogecable, Pretesa (Localia TV), Antena 3 Radio, Diário. He was appointed as member of the board on 5 March 2008, for the term 2008/2011.

Mr. Manuel Polanco is also part of the following companies:

Part of Media Capital Group:

▪ TVI - Televisão Independente, S.A.	President
▪ Plural Entertainment Portugal, S.A.	President
▪ MCP – Media Capital Produções, SA	President
▪ Media Capital Produções – Investimentos, SGPS; SA	President

Not part of Media Capital Group:

▪ Promotora de Informaciones, SA	Director and Member of the Board
▪ Sogecable, SA	Director
▪ Prisa – División Internacional SL	Director
▪ Diário El Pais, SL.	Director
▪ Prisacom SL	Director
▪ Instituto Universitario de Posgrado, S.A.	Director
▪ Sociedad de Servicios Radiofónicos Unión Rádio, SL.	Director
▪ Sociedad Española de Radiodifusión, SA.	Director
▪ Productora Canaria de Programas, S.A.	Director
▪ Sociedad Canaria de Television Regional, S.A.	Director
▪ Plural Entertainment Canarias SLU	Director
▪ Plural Entertainment España SLU	Director
▪ Diário AS, SL.	Chairman
▪ Rucandio, SA.	Director
▪ Promotora de Publicaciones, SL	Director
▪ Timón, SA.	Vice-President
▪ Vertix, SGPS, SA.	Chairman

On December 31st 2009, 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 and CEO of Sociedad Española de Radiodifusión, vice-president of Sogecable, 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 Cadena SER and Sogecable – a company that he also managed as CEO since its launch in 1989 until 1999. 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 and Honorary Professor at the Universidade Iberoamericana in Santo Domingo (1988). He is a member of the Real Academia Espanhola since 1996. Mr. Cebrián is also author of several books as 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). 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. He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011.

Mr. Juan Luis Cebrián is also part of the following companies:

Not part of Media Capital Group:

▪ Promotora de Informaciones, SA	CEO and Chairman of the Board
▪ Sociedad Española de Radiodifusión, SA.	CEO
▪ Diário El País, SL.	CEO
▪ Sociedad de Servicios Radiofónicos Unión Rádio, SL.	Director
▪ Prisa División Internacional, SL.	Chairman and CEO (representing Promotora de Informaciones, S.A.)
▪ Sapri Inversiones 2000 SICAV, SA.	Chairman
▪ Sogecable, SA.	Vice President
▪ Timón, SA.	Director
▪ Promotora de Publicaciones, SL.	CEO
▪ Le Monde, SA.	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 SL	Director (representing Diario El Pais SL)
▪ Lambrakis Press SA	Director

On December 31st 2009, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Padro Garcia Guillén

Member of the Board of Directors. Mr. Pedro Guillén has a degree in Economics by Universidade Complutense de Madrid.He begun 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 Sogecable. 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.

Mr. Pedro Garcia Guillén is also part of the following companies:

Not part of Media Capital Group:

▪ Sogecable, SA	CEO

On December 31st 2009, 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, and is Partner and Consultancy of OLAZÁBAL & ARTOLA, LDA (Lisbon). He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011.

Mr. Tirso Olazábal Cavero 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 December 31st 2009, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

EntertainmentSocialResponsibilityCoherenceInformationAudiovisualProductionContentsQualityTelevisionMusicCommitmentInternetIndependenceRadioCultureInnovationSolidity

CONSOLIDATED ACCOUNTS

ResultsEntertainmentSocialResponsibilityCoherenceInformationAudiovisualProductionContentsQualityTelevisionMusicCommitmentInternetIndependenceRadioCultureInnovationSolidityResultsEntertainmentSocialResponsibilityCoherence

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2009 AND 2008

(Amounts stated in Euros)

(Translation of consolidated balance sheets originally issued in Portuguese - Note 42)

ASSETS	Notes	2009	2008
NON-CURRENT ASSETS:			
Goodwill	16	172.740.548	176.547.160
Intangible assets	17	21.452.060	10.963.607
Tangible assets	18	31.114.464	39.134.926
Investments in associates	19	-	-
Available-for-sale assets	20	7.638	8.905.006
Transmission rights and television programs	21	59.525.577	47.045.880
Other non-current assets	22	1.469.839	4.143.095
Deferred tax assets	13	5.334.995	3.653.394
		291.645.121	290.393.068
CURRENT ASSETS:			
Transmission rights and television programs	21	8.902.944	8.842.127
Inventories	23	1.920.822	4.535.201
Trade and other receivables	24	53.593.863	81.503.517
Other current assets	25	60.971.296	55.678.812
Cash and cash equivalents	26	20.556.456	7.171.573
		145.945.381	157.731.230
TOTAL ASSETS		437.590.502	448.124.298

EQUITY AND LIABILITIES	Notes	2009	2008
EQUITY:			
Share capital	27	89.583.971	89.583.971
Reserves	27	22.494.635	22.332.906
Consolidated net profit for the year		17.611.793	19.831.572
Equity attributable to majority equity holders		129.690.399	131.748.449
Equity attributable to minority equity holders	28	4.520.979	5.806.896
Total equity		134.211.378	137.555.345
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Borrowings	29	115.145.222	112.597.070
Provisions	30	7.144.067	7.308.319
Other non-current liabilities	31	22.147.882	30.682.205
Deferred tax liabilities	13	1.637.538	22.614
		146.074.709	150.610.208
CURRENT LIABILITIES:			
Borrowings	29	11.241.114	15.658.856
Trade and other payables	32	76.419.696	80.785.775
Other current liabilities	33	67.313.385	62.052.795
Derivative financial instruments	35	2.330.220	1.461.319
		157.304.415	159.958.745
Total liabilities		303.379.124	310.568.953
TOTAL EQUITY AND LIABILITIES		437.590.502	448.124.298

The accompanying notes form an integral part of the consolidated statements of financial position as of 31 December 2009 and 2008.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts stated in Euros)

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

	Notes	2009	2008
OPERATING REVENUE			
Sales	9	16.924.684	32.391.613
Services rendered	9	227.462.103	237.398.726
Other operating revenue	9	23.481.439	17.580.684
Total operating revenue		267.868.226	287.371.023
OPERATING COSTS			
Cost of programs issued and goods sold	10	(24.271.093)	(43.559.760)
Supplies and services		(112.625.462)	(116.941.777)
Personnel costs	11	(74.606.697)	(68.747.771)
Amortisation and depreciation	18	(12.526.881)	(14.176.587)
Provisions and impairment losses	30	(3.195.069)	(1.693.220)
Other operating expenses		(3.044.991)	(3.726.434)
Total operating expenses		(230.270.193)	(248.845.549)
Operating profit		37.598.033	38.525.474
FINANCIAL EXPENSES			
Finance costs, net	12	(9.162.453)	(7.962.013)
Loss on associated companies, net	19	(165.372)	(565.365)
		(9.327.825)	(8.527.378)
Profit before tax		28.270.208	29.998.096
Income tax expense	13	(9.568.306)	(9.577.753)
Consolidated net profit for the year on continuing operations		18.701.902	20.420.343
Profit for the year on discontinued operations	14 and 15	-	945.369
Consolidated net profit for the year		18.701.902	21.365.712
Attributable to:			
Equity holders of the parent	15	17.611.793	19.831.572
Minority interest	28	1.090.109	1.534.140
		18.701.902	21.365.712
Earnings per share on continuing and discontinued operations:			
Basic	15	0,2084	0,2347
Diluted	15	0,2084	0,2347
Earnings per share on continuing operations:			
Basic	15	0,2084	0,2235
Diluted	15	0,2084	0,2235

The accompanying notes form an integral part of the consolidated statements of profit and loss for the years ended 31 December 2009 and 2008.

THE ACCOUNTANT THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts stated in Euros)

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

	Notes	2009	2008
Consolidated net profit for the year		18.701.902	21.365.712
Effect of the translation of foreign currency operations	28	20.399	25.590
Change in consolidation perimeter and acquisition of minority interest	28	(252.211)	-
Total consolidated profit		18.470.090	21.391.302
Attributable to:			
Equity holders of the parent company	15	17.379.981	19.857.162
Minority interest	28	1.090.109	1.534.140
		18.470.090	21.391.302

The accompanying notes form an integral part of the consolidated statements of recognised
of comprehensive income for the years ended 31 December 2009 and 2008.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts stated in Euros)

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

	Notes	2009	2008
OPERATING ACTIVITIES:			
Cash receipts from customers		336.654.161	349.037.980
Cash paid to suppliers		(162.290.968)	(186.660.900)
Cash paid to employees		(65.697.750)	(65.637.108)
Cash generated from operations		108.665.443	96.739.972
Other cash received/(paid) relating to operating activities		(64.458.141)	(65.271.343)
Net cash from operating activities (1)		44.207.302	31.468.629
INVESTING ACTIVITIES:			
Cash received relating to:			
The sale of subsidiaries	7, 14 and 31	15.250.001	1.000.000
The sale of tangible assets		449.799	245.161
The sale of intangible assets	36	17.351.726	-
Investment subsidies		3.218	-
Repayment of loans granted	36	42.950.237	168.210.988
		76.004.981	169.456.149
Cash paid relating to:			
Business concentrations	7	(9.809.938)	(13.603.198)
Acquisition of tangible assets		(7.170.259)	(14.163.375)
Acquisition of intangible assets		(492.759)	(4.066.000)
Loans granted	36	(64.080.718)	(120.000.000)
		(81.553.674)	(151.832.573)
Net cash from/(used in) investing activities (2)		(5.548.693)	17.623.576
FINANCING ACTIVITIES:			
Cash received relating to:			
Borrowings		65.588.154	138.776.575
Interest and other similar income		2.816.399	1.343.236
		68.404.553	140.119.811
Cash paid relating to:			
Borrowings		(66.903.992)	(118.135.141)
Payment of principal on finance lease contracts		(1.372.805)	(1.275.050)
Interest and other similar expenses		(2.500.659)	(6.098.154)
Dividends		(20.360.031)	(60.999.923)
Other financial expenses		(2.540.792)	(548.704)
		(93.678.279)	(187.056.972)
Net cash (used in) financing activities (3)		(25.273.726)	(46.937.161)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		13.384.883	2.155.044
Cash and cash equivalents at the begining of the year	26	7.171.573	5.016.529
Cash and cash equivalents at the end of the year	26	20.556.456	7.171.573

The accompanying notes form an integral part of the cash flow statements
for the years ended 31 December 2009 and 2008.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts stated in Euros)

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

	Equity attributable to equity holders of the parent						Equity attributable to minority interest	Total equity
	Capital	Share premium	Reserves	Retained earnings	Net consolidated profit for the year	Total		
Balance at 31 December 2007	7.606.186	81.709.213	24.747.616	28.593.409	30.234.786	172.891.210	548.373	173.439.583
Capital increase (Note 27)	81.977.785	(81.709.213)	(268.572)	-	-	-	-	-
Transfer of profit for the year	-	-	3.034.008	27.200.778	(30.234.786)	-	-	-
Distribution of dividends (Note 27)			(5.205.736)	(55.794.187)	-	(60.999.923)	-	(60.999.923)
Exchange translation difference	-	-	25.590	-	-	25.590	-	25.590
Change in the consolidation perimeter and acquisition of minority interest (Note 28)	-	-	-	-	-	-	3.724.383	3.724.383
Consolidated net profit for the year	-	-	-	-	19.831.572	19.831.572	1.534.140	21.365.712
Balance at 31 December 2008	89.583.971	-	22.332.906	-	19.831.572	131.748.449	5.806.896	137.555.345
Transfer of profit for the year	-	-	19.831.572	-	(19.831.572)	-	-	-
Distribution of dividends (Notes 27 and 28)	-	-	(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 28)	-	-	(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

The accompanying notes form an integral part of the consolidated statements of changes in equity for the years ended 31 December 2009 and 2008.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

INTRODUCTORY 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 realisation, 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 11 February 2010 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 Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A..

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 issues TVI 24, a cable information channel, under a television program distribution service contract with CAPTV – TV Cabo Portugal, S.A..

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, realization 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", "Rádio Clube Português" 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 the 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 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").

IFRS were adopted for the first time in 2005 and the transition date from Portuguese generally accepted accounting principles ("POC") to IFRS was 1 January 2004 in accordance with the requirements of IFRS 1 – First-time Adoption of International Financial Reporting Standards ("IFRS 1").

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 recognised 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) Jointly controlled companies

The participation in Plural – Jempsa, S.L. ("JEMPSA") is consolidated in accordance with the proportional consolidation method as from the date in which joint control was acquired. In accordance with this method, assets, liabilities, revenue and costs of such companies are included in the accompanying consolidated financial statements, caption by caption, in proportion to the percentage of control attributable to the Group. The classification of investments in jointly controlled companies is determined based on the existence of shareholders' agreements that show and regulate joint control.

All balances and transactions between companies are eliminated in proportion of the percentage of control attributed to the Group.

Jointly controlled companies are shown in Note 4.

c) 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.

d) 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 realisable value.

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 life 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 amortization, when they have defined periods of useful life, and accumulated impairment losses.

Intangible assets with indefinite useful life are not amortized, 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 their subsequent commercialization. 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 when 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 to be depreciated when the assets are ready for their intended use. The gain or loss arising from the disposal of tangible assets, which is determined by the difference between the sales proceeds and the book value of the asset, is 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
Tools and utensils	3 - 10
Administrative equipment	3 - 10
Other tangible 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 period 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 broadcasted 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 recorded.

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

Information regarding financial commitments assumed for the acquisition of these rights is included in Note 37.

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 and reflected 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, demand and term deposits and other short-term highly liquid investments maturing in less than three months, 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

Trade and other payables and other current liabilities 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

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 sold products 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 is recorded as a reduction in revenue in the period to which it relates.

Other revenue refers mainly to support services rendered for the production of television soaps and series, revenue from written message services of television programs 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 specifically 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 analysis are performed 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 subsidiaries in which Meglo – Media Global, SGPS, S.A. ("Media Global"), a fully owned subsidiary company, has a direct or indirect participation of at least 90% and have the necessary conditions to be included in this regime. The 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 the 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 reasonable 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 recognized 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 the 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 charges

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 2009 in relation to those used to prepare the financial information for 2008 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 2009, that did not have a significant effect on the amounts included in these financial statements, changes in terminology having however been introduced (including the captions in the financial statements) and a consolidated statement of comprehensive income. The standards referred to are:

- IFRS 8 – Operating segments
- IAS 1 (Revised in 2007) – Presentation of financial statements
- IAS 23 (revised) – Financing costs
- Improvements to the IFRS issued in May 2008

In preparing the 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 2009 include:

- Useful life of tangible and intangible assets;
- Impairment tests of goodwill and other assets;
- Recording of provisions;

The 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 2009 there were no significant changes in the main estimates made by the Group 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:

- IFRS 3 (revised 2008) – Business Combinations (years beginning after 1 July 2009);
- IAS 27 (revised 2008) – Consolidated and Separate Financial Statements (years beginning after 1 July 2009);
- IAS 28 (revised 2008) – Investments in Associates (years beginning after 1 July 2009);
- IFRIC 17 – Distributions of Non Cash Assets to Owners (years beginning after 1 July 2009);
- Improvements to IFRS (April 2009) (mostly for years beginning after 1 January 2010).

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 2009 and 2008 are as follows:

Company	Head office	Consolidation method	Effective participating percentage	
			2009	2008
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”)	Lisbon	Full	90	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") (e)	Barcarena	Full	50	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
Media Capital - Internet, S.A. ("MC Internet") (a)	Barcarena	Full	-	100
MEDIA CAPITAL TELECOMUNICAÇÕES , S.A. (“MCT”) (a)	Barcarena	Full	-	100
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios") (b)	Porto	Full	100	69
LÚDICODROME - EDITORA, Unipessoal, Lda. ("Ludicodrome")	Barcarena	Full	100	100
UNIDIVISA - Promoção de Projectos de Media, S.A. ("UNIDIVISA")	Barcarena	Full	100	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
MULTICENA – Equipamento de Imagem e Som, S.A. (“MULTICENA”) (c)	Lisbon	Full	-	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
NBP Brasil, S.A.	Lisbon	Full	100	100
FEALMAR – Empresa de Teatro Estúdio de Lisboa, S.A. (“FEALMAR”) (c)	Lisbon	Full	-	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") (b)	Madrid (Spain)	Full	100	80.8
Factoría Plural, S.L. ("Factoría") (e)	Zaragoza (Spain)	Full	51	51
Chip Audiovisual , S.A.("CHIP") (e)	Zaragoza (Spain)	Full	50	50
JEMPSA	Madrid (Spain)	Proportional	50	50
Sociedad Canaria de Televisión Regional, S.A.("SOCATER") (e)	Tenerife (Spain)	Full	40	40
Productora Canária de Programas, S.A. ("PCP") (d) (e)	San Andrés (Spain)	Full	40	-

a) These companies were merged into MULTIMÉDIA on 25 May 2009 and reported for accounting and tax purposes as of 1 January 2009.

b) During the year ended 31 December 2009, the Group acquired the minority interest of these companies.

c) These companies were merged into PLURAL on 30 June 2009 and reported for accounting and tax purposes as of 1 January 2009.

d) In 2009 40% of the capital of this company was acquired, effective as of 1 January 2009.

e) The Group adopted the full consolidation method as a result of having management control of the entities because of the agreements entered into.

5. ASSOCIATES

The associated companies, their head offices and proportion of capital effectively held in them at 31 December 2009 and 2008 were as follows:

Associates:

Company	Head office	Effective participating percentage 2009	Effective participating percentage 2008
TRANSJORNAL – Edições de Publicações, S.A. ("Transjornal") (a)	Lisbon	-	35
CD TOP – Sociedade Internacional de Audiovisual, S.A. ("CD TOP") (b)	Lisbon	-	23
União de Leiria, SAD ("União de Leiria")	Leiria	20	20

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

(a) On 4 June 2009 the full amount of this participation was sold and the balances between Transjornal and Meglo were liquidated, resulting in a gain of 794,068 Euros, due essentially to derecognition of the liabilities net of 900,553 Euros (Notes 9 and 30).

(b) Company dissolved on 26 October 2009.

6. OPERATING LEASES

At 31 December 2009 and 2008 the Company had liabilities under operating leases not reflected in the balance sheet amounting to 8,203,675 Euros and 23,607,358 Euros, respectively.

The liabilities are made up as follows:

(a) Contract for the lease of the Company's installations for a period of 4 years ending on 11 February 2012, with a preferential right for renewal.

Amounts recognised as cost:	2009	2008
Minimum operating lease payments for the installations in Queluz	1,361,926	1,513,252

The liability assumed under this operating lease contract at 31 December 2009 and 2008, not included in the statement of financial position, amounted to 4,085,779 Euros and 17,567,515 Euros, respectively.

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

Amounts recognised as cost:	2009	2008
Minimum vehicle lease payments	1,209,489	813,103

The liability assumed under these lease contracts at 31 December 2009 and 2008 is payable as follows:

Liabilities assumed:	2009	2008
2009	-	1,209,489
2010	1,038,187	1,004,040
2011	870,907	810,347
2012	424,175	344,397
2013	43,784	3,727
	2,377,053	3,372,000

(c) Contract for the lease of the studios and warehouses for a period of five years, renewable for equal periods.

Amounts recognised as cost:	2009	2008
Minimum studio and warehouse lease payments	943,445	927,000

The liability under these lease contracts amounted to 1,724,398 Euros and 2,667,843 Euros, respectively, at 31 December 2009 and 2008.

7. CHANGES IN THE CONSOLIDATION PERIMETER

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 of contents and was paid in cash on the acquisition date.

The acquisition of 40% of the capital of PCP à 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 still being payable (Note 36).

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 16)	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 recognised in the statement of profit and loss (Note 9).

	IOL Negócios	TESELA	PCP
NON-CURRENT ASSETS:			
Investments	-	473,483	-
Tangible assets	29,254	-	-
Other non-current assets	13,318	597	104,738
	42,572	474,080	104,738
CURRENT ASSETS:			
Trade and other receivables	190,351	3,529,913	147,722
Other current assets	113,958	419,345	253,661
Cash and cash equivalents	53,404	61,030	2,540
	357,713	4,010,288	403,923
SUPPLEMENTARY CAPITAL CONTRIBUTIONS	(261,479)	-	-
NON-CURRENT LIABILITIES:			
Borrowings	-	(832,380)	-
Othjer non-current liabilities	-	(2,526,256)	-
	-	(3,358,636)	-
CURRENT LIABILITIES:			
Trade and other payables	(67,423)	(401,791)	(168,640)
Other current liabilities	(137,114)	(464,940)	(6,026)
	(204,537)	(866,731)	(174,666)
ASSETS AND LIABILITIES ACQUIRED	(65,731)	259,001	333,995

Payments relating to investments for the year ended 31 December 2009 in the amount of 9,812,479 Euros correspond essentially to the second instalment of the payment for the acquisition of PLURAL España in the amount of 9,249,979 Euros and 562,500 relating to the acquisition of minority interests in IOL Negócios less cash and cash equivalents of 2,540 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 31) and 1 Euro was received from the sale of the associate Transjornal (Note 19).

The changes in the Group's consolidation perimeter in 2008 were as follows:

Acquisitions:

	Main activity	Date of acquisition	Percentage acquired	Acquisition cost
PLURAL España	Production and distribution of contents	23/05/2008	100%	50,000,000
EMAV	Rental of techical equipment	31/01/2008	10%	40,000

The acquisition of the remaining 10% of the capital of EMAV was paid in cash on the date of acquisition and is part of the Group's strategy relating to development of the business of producing of contents.

The acquisition of PLURAL España is also part of the Group's strategy of concentrating the business of producing within the Group. Additional information on this acquisition is as follows:

The payment plan relating to the acquisition of PLURAL España is as follows:

Payment schedule:	Nominal	Fair value
2008	13,000,083	11,983,804
2009	9,249,979	7,742,333
2010	9,249,979	8,156,973
2011	9,249,979	8,593,820
2012	9,249,979	9,054,062
	50,000,000	45,530,992

The annual discount rate of 5.36% was used to calculate fair value.

The assets and liabilities acquired and the amount paid for their acquisition were as follows:

	PLURAL España	EMAV
Net book value	28,349,934	20,375
Acquisition diference identified	17,181,058	-
Financial cost recognised	-	19,625
Fair value paid on the acquisition	45,530,992	40,000

As the allocation process of the amount paid for the fair value of the assets and liabilities of the PLURAL business were in process at 31 December 2008, the difference identified between net book value of the equity as of the acquisition date and the fair value paid was allocated on a preliminary basis to goodwill (Note 16).

The assets and liabilities acquired from the PLURAL España Group were as follows:

NON-CURRENT ASSETS:	
Goodwill (Note 16)	3,850,000
Intangible assets	13,461,296
Tangible assets	734,330
Available-for-sale assets	6
Other non-current assets	35,173
Deferred tax assets	545,000
	18,625,805
CURRENT ASSETS:	
Trade and other receivables	21,645,027
Other current assets	9,371,448
Cash and cash equivalents	1,557,437
	32,573,912
MINORITY INTEREST	(1,866,480)
NON-CURRENT LIABILITIES	
Borrowings	(5,335,000)
Other non-current liabilities	(3,218,000)
Deferred tax liabilities	(100,000)
	(8,653,000)
CURRENT LIABILITIES:	
Trade and other payables	(9,540,755)
Other current liabilities	(2,789,548)
	(12,330,303)
ASSETS AND LIABILITIES ACQUIRED	28,349,934

If these activities had been acquired by the Group since 1 January 2008, the Group's income from continuing operations would be 303,613,108 Euros and consolidated net operating income from continuing operations would be 21,255,858 Euros.

Payments relating to investments in 2008 in the amount of 13,603,198 Euros correspond essentially to the first instalment of the payment for the acquisition of PLURAL España in the amount of 13,000,083 Euros less PLURAL España's cash and cash equivalents as of the purchase date, in the amount of 1,557,437 Euros.

After the purchase of PLURAL España in 2008, the subsidiary SOCATER started being consolidated in accordance with the full consolidation method, rather than by the proportional method, as it acquired management control at 31 December 2008, due to having a larger number of Directors in its Board of Directors.

Sales:

In 2008 the Group sold its written press operations, the sale having been completed on 1 August 2008.

Following is additional information regarding the sale:

	MCE	Expansão	Eventos	Expolider	Total
Net assets:					
Tangible assets	559,684	-	-	9,411	569,095
Deferred taxes	5,998	-	-	-	5,998
Goodwill (Note 16)	-	-	-	4,751,445	4,751,445
Inventories	1,104,290	-	-	-	1,104,290
Trade and other receivables	8,625,110	189,040	-	127,851	8,942,001
Cash and cash equivalents	231,231	655	1,051	1,609	234,546
Other assets	3,551,706	1,103,730	144,407	426,261	5,226,104
Provisions (Note 30)	(12,500)	(57,426)	(1,788)	(229,035)	(300,749)
Trade and other payables	(15,041,510)	(3,415,160)	(9,151)	(307,066)	(18,772,887)
	(975,991)	(2,179,161)	134,519	4,780,476	1,759,843
Operating credits sold					3,994,888
					5,754,731
Gain on the sale (Note 9)					2,863,782
Reversal of goodwill of Meglo (Note 16)					131,487
Net sales price (Note 36)					8,750,000

8. 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 the these factors, the Group has the following reporting segments:

a) Television

The television segment involves fundamentally broadcasting by one generalist TV channel (TVI) and broadcasting by a paid cable television channel (TVI 24).

b) Production

The production segment involves the production, realisation 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. In 2008 it also included written press business for the period from 1 January 2008 to 30 June 2008 (the date it was sold).

The accounting policies used to prepare the segment information presented are the same as those used by the Group to prepare its financial statements as disclosed in Note 2.

Contribution of the main business segments to the consolidated results for the years ended 31 December 2009 and 2008 was as follows:

Continuing operations:

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 produced and issued	(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

2008	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Operating income:								
External services rendered	153,702,692	51,909,796	8,644,800	13,505,656	9,635,782	237,398,726	-	237,398,726
Internal services rendered	1,735,488	40,556,453	379,234	200,533	12,141,924	55,013,632	(55,013,632)	-
External sale of goods and products	-	-	27,725,592	-	4,666,021	32,391,613	-	32,391,613
Internal sale of goods and products	-	-	6,563	-	-	6,563	(6,563)	-
Other external operating revenue	11,954,714	249,347	1,782,060	218,892	3,375,671	17,580,684	-	17,580,684
Other internal operating revenue	983,434	192,020	18,412	153,992	513,375	1,861,233	(1,861,233)	-
Total operating revenue	168,376,328	92,907,616	38,556,661	14,079,073	30,332,773	344,252,451	(56,881,428)	287,371,023
Operating costs:								
Cost of programs produced and issued	(69,691,424)	(3,670,919)	-	-	-	(73,362,343)	40,149,173	(33,213,170)
Cost of merchandise sold	-	-	(8,495,816)	-	(1,850,774)	(10,346,590)	-	(10,346,590)
Supplies and services	(28,719,781)	(58,866,785)	(23,228,828)	(8,181,770)	(14,391,981)	(133,389,145)	16,447,368	(116,941,777)
Employee benefits	(23,467,917)	(20,994,601)	(2,892,430)	(6,988,558)	(14,404,265)	(68,747,771)	-	(68,747,771)
Amortisation and depreciation	(5,189,702)	(5,080,998)	(189,593)	(2,229,640)	(1,486,654)	(14,176,587)	-	(14,176,587)
Provisions and impairment losses	(394,077)	(422,939)	(245,296)	(304,080)	(326,828)	(1,693,220)	-	(1,693,220)
Other operating expenses	(1,382,240)	(148,973)	(1,893,657)	(252,244)	(49,320)	(3,726,434)	-	(3,726,434)
Total operating costs	(128,845,141)	(89,185,215)	(36,945,620)	(17,956,292)	(32,509,822)	(305,442,090)	56,596,541	(248,845,549)
Operating profit/(loss)	39,531,187	3,722,401	1,611,041	(3,877,219)	(2,177,049)	38,810,361	(284,887)	38,525,474
Finance costs, net								(8,527,378)
Profit before tax								29,998,096
Income tax expense								(9,577,753)
Net profit from continuing operations								20,420,343

The main variations by business segment for the year ended 31December 2009 compared to the preceding year were as follows:

a) Television

Income for the television segment decreased 7% due essentially to decrease in the open signal publicity market, despite the positive contribution of the new TVI 24 channel. Operating costs decreased 9% due to savings in programming costs as a result of the effect of the Euro 2008 and decrease in sporting and international contents.

b) Production

The main variation in the production segment was due to the change in the consolidation perimeter resulting from acquisition of PLURAL España in May 2009. In terms of operating income the performance of PLURAL España in terms of the production and sale of contents to general operators, as well as productions for regional televisions deserves mention.

c) Entertainment

Operating income from the Entertainment segment decreased 27% in relation to the preceding year due to a decrease in the sale of CD's in the music area, accompanied by the record market and decrease in the sale of DVD's in the area of video together with a decrease in income from Warner catalogues and of independent producers. Operating costs decreased 4% resulting from a decrease in variable costs with the sale of CD's and video distribution costs.

d) Radio

Operating income of the Radio segment decreased 4%, reflecting a decrease in the publicity market. Operating costs also accompanied the decrease in operating income with a decrease of 16% due to the decrease in marketing and publicity costs and decrease in personnel with the objective of rationalizing the cost structure in line with the evolution of this market segment.

e) Others

Operating income and costs of this segment decreased 44% and 53%, respectively, due to the change in the consolidation perimeter with the sale of the press business in September 2008, effective as from 31 July 2008.

Additional significant segment reporting information is as follows:

	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
Liabilities	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 18)	3,333,809	1,492,507	71,841	741,307	598,531	6,237,995	-	6,237,995
Investment in intangible assets (Note 17)	341,889	41,190	-	565,500	1,500	950,079	-	950,079

	2008							
	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Assets, net	272,751,807	133,134,309	35,797,954	44,105,951	324,568,866	810,358,887	(362,234,589)	448,124,298
Liabilities	133,167,260	83,445,086	31,349,224	42,321,147	219,208,818	509,491,535	(198,922,582)	310,568,953
Other information:								
Investment in tangible assets (Note 18)	11,371,204	2,814,560	142,119	955,852	1,025,081	16,308,816	-	16,308,816
Investment in intangible assets (Note 17)	-	4,136,736	-	486,201	-	4,622,937	-	4,622,937

Information by geographic market for the years ended 31 December 2009 and 2008 is as follows:

	2009		
	Portugal	Other countries	Consolidated
Operating income	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
Assets, net	369,983,015	67,607,487	437,590,502
Liabilities	281,756,061	21,623,063	303,379,124
Investment in tangible assets	6,235,995	2,000	6,237,995
Investment in intangible assets	908,889	41,190	950,079

	2008		
	Portugal	Other countries	Consolidated
Operating income	240,429,508	46,941,515	287,371,023
Operating costs	(205,719,064)	(43,126,485)	(248,845,549)
Net profit from continuing operations	17,859,403	2,560,940	20,420,343
Assets, net	390,197,051	57,927,247	448,124,298
Liabilities	287,566,077	23,002,876	310,568,953
Investment in tangible assets	16,302,916	5,900	16,308,816
Investment in intangible assets	488,487	4,134,450	4,622,937

9. OPERATING REVENUE BY NATURE

Consolidated operating revenue for the years ended 31 December 2009 and 2008 is made up as follows:

	2009	2008
Sales:		
Magazines	-	3,227,520
CD's	6,094,453	9,786,216
DVD's (a)	10,826,831	17,945,939
Complementary press products	-	1,096,946
Other	3,400	334,992
	16,924,684	32,391,613
Services rendered:		
Television advertising	133,917,858	151,354,869
Radio advertising	12,335,428	14,462,823
Press advertising	-	2,984,625
Advertising by other means	3,070,493	4,740,050
Audiovisual production and complementary services	64,261,782	50,563,197
Others	13,876,542	13,293,162
	227,462,103	237,398,726
Other operating revenue:		
Written message services	7,598,383	7,788,016
Transmission, and exhibition rights and the sale of images	9,489,912	1,963,907
Gain on the acquisition of minority holdings (Note 7)	259,000	-
Gain on the sale of investments in associates (Notes 5 and 7)	794,068	2,863,782
Other supplementary revenue	5,340,076	4,964,979
	23,481,439	17,580,684

10. COST OF PROGRAMS BROADCAST AND GOODS SOLD

This caption for the years ended 31 December 2009 and 2008 is made up as follows:

	2009	2008
Programs broadcast	19,183,556	30,583,923
Audiovisual production	808,050	3,670,919
Variation of production	(3,560,347)	(865,219)
Goods sold	7,771,276	8,495,816
Materials consumed	68,558	1,674,321
	24,271,093	43,559,760

11. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2009 and 2008 are made up as follows:

	2009	2008
Wages and salaries	54,963,239	49,522,102
Charges on wages and salaries	12,529,944	11,099,326
Performance bonus	3,361,764	3,890,888
Severance payments	2,164,861	2,340,779
Labour accident insurance and others	483,100	336,662
Others	1,103,789	1,558,014
	74,606,697	68,747,771

The average number of employees, per segment, of the companies included in the consolidation in the years ended 31 December 2009 and 2008, was as follows:

	2009	2008
Television	533	459
Production	840	306
Entertainment	60	64
Radio	185	218
Others	187	281
	1,805	1,328

12. FINANCE COSTS, NET

The caption finance costs, net for the years ended 31 December 2009 and 2008 is made up as follows:

	2009	2008
Financial costs:		
Interest expense (a)	4,866,462	8,157,320
Estimated loss on available-for-sale assets (Note 20)	3,344,128	-
Loss on derivative instruments (Note 35)	2,006,389	1,782,263
Other financial costs	1,135,154	1,330,297
	11,352,133	11,269,880
Financial income:		
Interest income	1,610,341	3,140,258
Other financial income	579,339	167,609
	2,189,680	3,307,867
	9,162,453	7,962,013

(a) In 2009 and 2008 the Group did not incur financial charges on qualifiable assets, such charges being recognised in profit and loss when incurred.

13. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Grupo Media Capital companies, except for PLURAL España and its subsidiaries, are subject to 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 the year ended 31 December 2009 the subsidiary MEDIA GLOBAL and the subsidiaries in which it has a direct or indirect participation of at least 90% and which comply with the requirements of article 63 of the Corporation Income Tax Code were covered by the special regime for taxation of groups of companies. The companies in question are: MC Serviços, Publipartner, Cidade, Comercial, Regional, Rádio XXI, Farol, Entertainment, TVI, Kimberley, Reti, Multimédia, Med Cap, Unidivisa, Ludicodrome, MCP, MCP Investimentos, MCME, MCR II and CLMC. The remaining group companies are taxed individually.

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

At 31 December 2009 and 2008 the tax losses carried forward in Portugal, by year they expire, were approximately as follows:

	2009	2008
2009	-	3,520,000
2010	1,550,000	1,710,000
2011	4,220,000	4,300,000
2012	6,195,000	6,250,000
2013	1,895,000	1,900,000
2014	2,360,000	3,500,000
2015	44,000	
	16,264,000	21,180,000

In accordance with current Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years and 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 2006 to 2009, 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 2009 and 2008:

(a) Reconciliation of the tax rate

	2009	2008
Profit before tax of the continuing operations	28,270,208	29,998,096
Profit before tax of the discontinued operations	-	945,369
	28,270,208	30,943,465
Nominal income tax rate	25.00%	25.00%
Estimated tax charge	7,067,552	7,735,866
Permanent differences (i)	237,366	(418,754)
Reversal of impairment of deferred tax assets	53,871	790,191
Deferred tax assets recovered (ii)	(32,676)	(280,920)
Adjustment to income tax due (iii)	510,735	787,395
Additional tax due	820,880	-
Impact of reduced rate	24,282	-
Municipal surcharge	509,867	782,499
Change in rate (iv)	376,429	181,476
	9,568,306	9,577,753
Current tax (Note 34)	10,888,140	10,266,799
Deferred tax for the year	(1,319,834)	(689,046)
Atributable to continuing operations	9,568,306	9,577,753
Effective tax rate	33.85%	30.95%

(i) These amounts for the years ended 31 December 2009 and 2008 are made up as follows:

	2009	2008
Non tax deductible amortisation and depreciation	1,074,156	2,326,292
Net loss on associated companies (Note 19)	165,372	565,365
Non tax deductible financial expenses	1,049,761	2,520,249
Provisions not considered for the calculation of deferred taxes	744,773	921,246
Fines and other penalties	141,035	178,382
Part of employee's allowances not tax deductible	143,432	122,718
Tax benefits	(832,363)	(965,055)
Public Share Offering costs	(576,392)	(2,040,908)
Accounting and tax gains and losses	(3,035,238)	(6,335,366)
Others, net	2,074,928	1,032,062
	949,464	(1,675,015)
	25.00%	25.00%
	237,366	(418,754)

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

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

(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

	2009			
	Beginning balances	Allocation	Increase/ (decrease)	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 20)	-	-	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	300,009	7,224,576
Allowance for deferred tax assets not realisable	(6,300,546)	-	-	(6,300,546)
	3,653,394	625,853	1,344,758	5,624,005
Deferred tax liabilities:				
Inter group company margins not recognised	11,466	-	26,074	37,540
Amortised cost	360	-	(360)	-
Plural brand (Note 16)	-	1,590,000	-	1,590,000
Revaluation reserves	10,788	-	(790)	9,998
	22,614	1,590,000	24,924	1,637,538

	2008			
	Saldos iniciais	Alteração perímetro	Constituição/ (Reversão)	Saldos finais
Deferred tax assets:				
Provisions	263,988	-	94,145	358,133
Derivatives	(17,507)	-	404,756	387,249
Inter group company margins not recognised	1,490,571	-	1,419,273	2,909,844
Tax losses carried forward	5,906,520	1,068,159	(675,965)	6,298,714
Allowance for deferred tax assets not realisable	(5,713,341)	-	(587,205)	(6,300,546)
	1,930,231	1,068,159	655,004	3,653,394
Deferred tax liabilities:				
Inter group company margins not recognised	22,288	-	(10,822)	11,466
Amortised cost	22,068	-	(21,708)	360
Revaluation reserves	12,300	-	(1,512)	10,788
	56,656	-	(34,042)	22,614

14. RESULT OF DISCONTINUED OPERATIONS

There were no discontinued operations in 2009.

As a result of adjustments to the sale price of 1,000,000 Euros of MC Outdoor and considering the costs relating to its negotiation, the result of discontinued operations in the year ended 31 December 2008 was 945,369 Euros.

15. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2009 and 2008 were calculated considering the following amounts.

	2009	2008
Earnings:		
Profit attributable to equity holders of the parent for purposes of calculating earnings per share (net profit for the year)	17,611,793	19,831,572
Profit of discontinued operations for purposes of calculating earnings per share of discontinued operations	-	(945,369)
Profit for purposes of calculating earnings per share of continuing operations	17,611,793	18,886,203
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	0.2084	0.2235
Diluted	0.2084	0.2235
Earnings per share of discontinued operations:		
Basic	-	0.0112
Diluted	-	0.0112
Earnings per share:		
Basic	0.2084	0.2347
Diluted	0.2084	0.2347

16. GOODWILL

The changes in goodwill in the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
Cost:		
Balance at the beginning of the period	177,603,085	161,454,959
Changes in the consolidation perimeter	-	3,850,000
Acquisition of minority interests (Note 7)	603,388	-
Additions relating to business combinations	-	17,181,058
Allocation of goodwill (a)	(4,410,000)	-
Sale of group companies	-	(4,882,932)
Balance at the end of the period	173,796,473	177,603,085
Accumulated impairment losses:		
Balance at the beginning of the period	(1,055,925)	(1,055,925)
Impairment recognised in the period	-	-
Balance at the end of the period	(1,055,925)	(1,055,925)
Net book value:		
Balance at the beginning of the period	176,547,160	160,399,034
Balance at the end of the period	172,740,548	176,547,160

(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 2009 in accordance with the royalties method using a discount rate of 8.25%, no impairment losses having been identified.

Goodwill by business segment at 31 December 2009 and 2008 is as follows:

	2009	2008
By segment:		
Television	97,665,002	97,665,002
Audiovisual production	48,513,601	52,923,601
Entertainment	3,409,838	3,409,838
Radios	21,643,989	21,643,989
Non reportable segments	1,508,118	904,730
	172,740,548	176,547,160

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;

- Cost of producing DVD's;
- Overheads

The discounted cash flow method was used, cash flow projections having been prepared for between four and five years and a perpetuity was considered after that. The nominal growth rate used for the perpetuity was 3.5% (3.5% in 2008). The discount rate used for all the cash generating units was around 8.21% (8.0% in 2008), as it was considered that they all operate directly or indirectly in the media market, being the commercial activity, the clients and the publicity market seen transversally by the Group.

The compound annual growth rate for the segments under review for the period of the projections was 1.4%, 2009 being considered as the base, while using the same basis EBITDA amounted to 5.8% and Capex amounted to 1.9%. The Group believes that the estimates are reasonable, considering that 2009 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.

As a result of the impairment tests made, based on the above methodology and assumptions, the Group has concluded that that there are no impairment losses to be recognised at 31 December 2009 and 2008. The Board of Directors believes that the effect of possible variations in the main assumptions used to value the recoverable amount of the cash generating units will not result, in all material respects, in the impairment of Goodwill.

17. INTANGIBLE ASSETS

The changes in intangible assets and related accumulated amortisation and impairment losses in the years ended 31 December 2009 and 2008 are as follows:

	Prototypes and masters	Audiovisual production rights	ISP assets	Brands (Note16)	Others (a)	Total
Gross amounts:						
Balance at 31 December 2007	-	-	7,434,360	-	4,175,978	11,610,338
Changes in consolidation perimeter	30,208,042	5,030,767	-	-	730,054	35,968,863
Additions (Note 8)	2,505,710	-	-	-	2,117,227	4,622,937
Translation	199,000	-	-	-	-	199,000
Sales	(30,525,226)	-	-	-	(2,676)	(30,527,902)
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 8)	-	-	-	-	950,079	950,079
Translation	-	-	-	-	(27,070)	(27,070)
Sales	-	-		-	(272,426)	(272,426)
Reclassifications (Note 16)				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

	Prototypes and masters	Audiovisual production rights	ISP assets	Brands	Others (a)	Total
Accumulated amortisation:						
Balance at 31 December 2007	-	-	(7,434,360)	-	5,373,502	(2,060,858)
Changes in consolidation perimeter	(17,238,675)	(2,083,630)	-	-	(492,408)	(19,814,713)
Amortisation for the year (Note 18)	(2,563,176)	(14,057)	-	-	(1,165,502)	(3,742,735)
Translation	(201,644)	-	-	-	(14,310)	(215,954)
Sales	17,615,969	-	-	-	1,516	17,617,485
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 18)	-	(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)

	Prototypes and masters	Audiovisual production rights	ISP assets	Brands	Others (a)	Total
Impairment losses:						
Balance at 31 December 2007	-	-	-	-	-	-
Changes in consolidation perimeter	-	(2,692,854)		-		(2,692,854)
Balance at 31 December 2008	-	(2,692,854)	-	-	-	(2,692,854)
Changes in consolidation perimeter	-	-	-	-	-	-
Balance at 31 December 2009	-	(2,692,854)	-	-	-	(2,692,854)

	Prototypes and masters	Audiovisual production rights	ISP assets	Brands (Note16)	Others (a)	Total
Net balance:						
Net book value at 31 December 2008	-	240,226	-	-	10,723,381	10,963,607
Net book value at 31 December 2009	-	212,386	-	6,000,000	15,239,674	21,452,060

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

18. TANGIBLE ASSETS

The changes in tangible assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2009 and 2008 were as follows:

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Administrative equipment	Other fixed assets	Fixed assets in progress	Total
Gross amounts:								
Balance at 31 December 2007	9,417,551	87,756,176	6,349,652	3,010,000	13,004,090	9,104,660	2,758,674	131,400,803
Changes in consolidation perimeter	(88,256)	2,631,542	(470,058)	5,478,996	(69,935)	(355,221)	-	7,127,068
Acquistions (Note 8)	687,078	8,706,459	451,661	187,477	934,367	449,822	4,891,952	16,308,816
Sales and write-offs	(48,069)	(1,870,972)	(1,271,174)	(35,116)	(402,185)	(307,689)	(20,252)	(3,955,457)
Transfers	477,807	2,054,363	64,259	5,226	83,879	31,878	(2,717,412)	-
Translation	-	-	-	8,660	3,450	-	-	12,110
Balance at 31 December 2008	10,446,111	99,277,568	5,124,340	8,655,243	13,553,666	8,923,450	4,912,962	150,893,340
Changes in consolidation perimeter	-	144,970	-	-	10,260	-	-	155,230
Acquistions (Note 8)	132,377	3,835,899	93,135	216,556	490,745	222,761	1,246,522	6,237,995
Sales and write-offs	(453,775)	(5,152,499)	(776,453)	(516,812)	(75,842)	(73,322)	(47,107)	(7,095,810)
Transfers	291,600	1,236,805	-	9,978	226,232	66,641	(4,670,726)	(2,839,470)
Translation	-	(30)	-	120	(380)	-	-	(290)
Balance at 31 December 2009	10,416,313	99,342,713	4,441,022	8,365,085	14,204,681	9,139,530	1,441,651	147,350,995

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Administrative equipment	Other fixed assets	Fixed assets in progress	Total
Accumulated depreciation and impairment losses:								
Balance at 31 December 2006	(4,830,715)	(71,964,023)	(4,242,850)	(2,635,120)	(10,058,153)	(4,509,724)	-	(98,240,585)
Changes in consolidation perimeter	52,128	(1,233,955)	360,135	(4,612,694)	156,853	166,928	-	(5,110,605)
Depreciation for the year	(525,211)	(5,339,500)	(1,034,013)	(334,513)	(1,402,342)	(1,798,273)	-	(10,433,852)
Decrease due to sales and write-offs	-	205,180	1,108,381	9,020	394,812	315,055	-	2,032,448
Translation	-	190	-	(4,300)	(1,710)	-	-	(5,820)
Balance at 31 December 2008	(5,303,798)	(78,332,108)	(3,808,347)	(7,577,607)	(10,910,540)	(5,826,014)	-	(111,758,414)
Changes in consolidation perimeter	-	(144,970)	-	-	(10,260)	-	-	(155,230)
Depreciation for the year	(647,581)	(6,055,309)	(650,485)	(194,231)	(1,225,502)	(1,790,799)	-	(10,563,907)
Decreases due to sales and write-offs	473,727	5,125,717	689,694	(154,736)	36,180	67,470	-	6,238,052
Translation	-	(643)	-	851	2,760	-	-	2,968
Balance at 31 December 2009	(5,477,652)	(79,407,313)	(3,769,138)	(7,925,723)	(12,107,362)	(7,549,343)	-	(116,236,531)

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Administrative equipment	Other fixed assets	Fixed assets in progress	Total
Net book value:								
Net book value at 31 December 2008	5,142,313	20,945,460	1,315,993	1,077,636	2,643,126	3,097,436	4,912,962	39,134,926
Net book value at 31 December 2009	4,938,661	19,935,400	671,884	439,362	2,097,319	1,590,187	1,441,651	31,114,464

Amortisation and depreciation recognised in the statements of profit and loss for 2009 and 2008 is made up as follows:

	2009	2008
Depreciation of tangible assets	10,563,907	10,433,852
Amortisation of intangible assets (Note 17)	1,962,974	3,742,735
	12,526,881	14,176,587

19. INVESTMENTS

In 2009 there were no changes in investments. The changes in investments in 2008 were as follows:

	Investments in associates
Balance at 31 December 2007	259,391
Application of the equity method	(259,391)
Balance at 31 December 2008	-

As a result of applying the equity method of accounting to Transjornal up to the time of its sale (Note 5) and to Nanook – Empresa Europeia de Produção de Documentários, Lda. (a company in which the Group has a 16% participation and significant influence as a result of the agreements signed) 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 2009 and 2008:

Company	Gain/(loss) on associated companies 2009	2008
União de Leiria	-	(259,391)
Nanook	51,718	(7,956)
Transjornal (Note 30)	(217,090)	(298,018)
	(165,372)	(565,365)

The additional responsibilities of 900,553 Euros assumed relating to Transjornal (Note 30) were reversed as a result of its sale, the gain of 794,068 Euros having been determined as follows:

Assets, net	(900,553)
increase in financing	53,848
Operating credits	52,638
	(794,067)
Gain resulting from the sale (Note 9)	794,068
Net sales price (Note 7)	1

20. AVAILABLE-FOR-SALE ASSETS

The changes in this caption in the years ended 31 December 2009 and 2008 were as follows:

	2009
Balance at 31 December 2007	8,923,985
Write-offs	(50,000)
Changes in perimeter	31,021
Balance at 31 December 2008	8,905,006
Write-offs and loss in value (a)	(8,897,368)
Balance at 31 December 2009	7,638

Available-for-sale assets at 31 December 2009 and 2008 were made up as follows:

	2009	2008
Fundo de Investimento para o Cinema e Audiovisual ("FICA") (a)	-	8,863,853
Others	7,638	41,153
	7,638	8,905,006

(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, TVI no longer being 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 recognized an impairment loss of 3,344,128 Euros (Note 12) on the remaining participating units.

21. TRANSMISSION RIGHTS

Transmission rights at 31 December 2009 and 2008 are made up as follows:

Nature	2009	2008
Entertainment	1,584,603	2,844,774
Films	16,325,421	11,005,067
Soaps	44,269,812	36,909,563
Series	5,798,315	4,999,762
Others	450,370	128,841
	68,428,521	55,888,007
Non-current assets	59,525,577	47,045,880
Current assets	8,902,944	8,842,127
	68,428,521	55,888,007

22. OTHER NON-CURRENT ASSETS

This caption at 31 December 2009 and 2008 is made up as follows:

	2009	2008
Radio expansion project	100,542	1,111,434
Dali Outdoor Invest, S.A.	-	3,000,000
Tesela's film producers	948,138	-
Others	421,159	31,661
	1,469,839	4,143,095

23. INVENTORIES

This caption at 31 December 2009 and 2008 is made up as follows:

	2009			2008		
	Gross	Accumulated impairment losses (Note 30)	Net	Gross	Accumulated impairment losses (Note 30)	Net
Raw, subsidiary and consumable materials	86,639	-	86,639	149,969	-	149,969
Merchandise	3,264,927	(1,430,744)	1,834,183	4,502,285	(117,053)	4,385,232
	3,351,566	(1,430,744)	1,920,822	4,652,254	(117,053)	4,535,201

24. TRADE AND OTHER RECEIVABLES

This caption at 31 December 2009 and 2008 is made up as follows:

	2009			2008		
	Gross	Accumulated impairment losses (Note 30)	Net	Gross	Accumulated impairment losses (Note 30)	Net
Customers	51,932,180	(7,212,643)	44,719,537	64,182,576	(6,919,670)	57,262,906
Related party receivables (Note 36) (a)	4,751,339	-	4,751,339	20,576,005	-	20,576,005
Amounts to be invoiced	4,122,987	-	4,122,987	3,664,606	-	3,664,606
	60,806,506	(7,212,643)	53,593,863	88,423,187	(6,919,670)	81,503,517

(a) In 2009 the receivable from the sale of intangible assets in 2008 was received, resulting in a decrease in accounts receivable from related parties.

25. OTHER CURRENT ASSETS

This caption at 31 December 2009 and 2008 is made up as follows:

	2009			2008		
	Gross	Accumulated impairment losses (Note 30)	Net	Gross	Accumulated impairment losses (Note 30)	Net
State and other public entities (Note 34)	4,332,269	-	4,332,269	3,828,102	-	3,828,102
Sundry debtors	23,999,907	(17,232,375)	6,767,532	25,684,778	(17,342,363)	8,342,415
Accounts receivable from related parties (Note 36)	45,640,145	-	45,640,145	35,521,722	-	35,521,722
Advances to suppliers	-	-	-	-	-	-
Prepayments	4,231,350	-	4,231,350	7,986,573	-	7,986,573
	78,203,671	(17,232,375)	60,971,296	73,021,175	(17,342,363)	55,678,812

26. CASH AND CASH EQUIVALENTS

This caption at 31 December 2009 and 2008 is made up as follows:

	2009	2008
Demand bank deposits	20,302,584	6,893,390
Cash	253,872	278,183
	20,556,456	7,171,573

27. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Company's fully subscribed and paid up capital at 31 December 2009 consisted of 84,513,180 shares of one Euro and six cents each, totaling 89,583,971 Euros.

On 5 March 2008 the Shareholders' General Meeting decided to increase capital through the incorporation of the share premium and free reserves in the amounts of 81,709,213 Euros and 268,572 Euros, respectively, with a resulting increase in the nominal value of each share from 9 cents to one euro and six cents, thus not increasing the number of shares outstanding.

At 31 December 2009 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% 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 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 2009 and 2008 the legal reserve amounted to 2,784,918 Euros and 1,133,091 Euros, respectively.

The Shareholders' General Meeting held on 12 March 2009 approved the distribution of dividends totalling 19,438,031 Euros (0.23 Euros per share).

The Shareholders' General Meeting held on 5 March 2008 approved the distribution of dividends totaling 60,999,923 Euros, out of reserves available at 31 December 2007. The distribution corresponds to a dividend of 0.72 Euros per share.

28. EQUITY ATTRIBUTABLE TO MINORITY INTEREST

The changes in this caption in the years ended 31 December 2009 and 2008 were as follows:

Balance at 31 December 2007	548,373
Changes of perimeter and acquisition of minority interests (a)	3,724,383
Net profit attributable to minority interests	1,534,140
Balance at 31 December 2008	5,806,896
Dividends (b)	(1,474,000)
Changes of perimeter and acquisition of minority interests (a)	(902,026)
Net profit attributable to minority interests	1,090,109
Balance at 31 December 2009	4,520,979

(a) The increase in 2008 results from change in the method of consolidating Socater, which started being consolidated in accordance with the full consolidation method. The decrease in 2009 results from the acquisition of minority interests corresponding to 30.71% of IOL Negócios, in the amount of 537,657 Euros, which generated Goodwill of 603,388 Euros (Note 7) and the acquisition of minority interests corresponding to 19.2% of TESELA in the amount of 1 Euro, which generated Negative Goodwill of 259,000 Euros (Note 7) less the minority interests relating to full consolidation of the 40% investment acquired in PCP (Note 7).

(b) This decrease refers to the distribution of dividends of 1,474,000 Euros by CHIP and FACTORIA. The dividend paid in 2009 amounted to 922,000 Euros.

Minority interest reflected on the consolidated balance sheet corresponds to the following companies:

	2009	2008
CHIP	1,227,394	1,217,685
TESELA (a)	-	526,165
FACTORÍA	272,080	369,506
SOCATER	2,211,227	3,365,942
CLMC	230,000	230,000
PCP (b)	670,807	-
IOL Negócios (a)	-	90,915
SPOT	(90,529)	6,683
	4,520,979	5,806,896

(a) The decrease results from the acquisition of minority interests in these companies, the Group becoming their sole shareholders.

(b) The increase results from a change in the Group's consolidation perimeter with the acquisition of a 40% participation in PCP (Note 4).

Minority interest reflected in the consolidated statements of profit and loss for the years ended 31 December 2009 and 2008 corresponds to the following companies:

	2009	2008
CHIP	605,709	429,549
TESELA	21,510	66,520
FACTORÍA	110,565	163,187
SOCATER	224,027	832,143
PCP	169,812	-
IOL Negócios	55,697	43,685
SPOT	(97,211)	(5,797)
EMAV	-	4,853
	1,090,109	1,534,140

29. BORROWINGS

This caption at 31 December 2009 and 2008 is made up as follows:

	2009				2008			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bank loans (a)	10,290,010	113,806,461	10,371,632	113,806,461	14,501,869	110,856,783	14,501,869	111,068,031
Finance lease creditors (b)	951,104	1,338,761	951,104	1,338,761	1,156,987	1,740,287	1,156,987	1,740,287
	11,241,114	115,145,222	11,322,736	115,145,222	15,658,856	112,597,070	15,658,856	112,808,318

(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 2009 are as follows:

	31 December 2009	Total contracted
Commercial paper	121,500,000	134,000,000
	=========	==========

The repayment plan is as follows:

2010	22,500,000
2011	30,500,000
2012	81,000,000
	134,000,000

The commercial paper bears interest at the Euribor rate plus a variable spread, based on the relationship between the Company's borrowings and its performance, measured by its EBITDA. At 31 December 2009 the spread was 0.813%.

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 the loss of control of the of the Group by Prisa (50.1%) and financial performance, which at 31 December 2008 were being complied with.

In addition, this caption includes a loan of TESELA 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:

2010	371,632
2011	572,000
2012	879,000
2013	855,461
	2,678,093

At 31 December 2009 and 2008 the Media Capital Group had the following assets under finance lease:

	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

	2008		
	Cost	Accumulated depreciation	Net
Machinery and equipment	3,468,197	(666,948)	2,801,249
Transport equipment	2,323,056	(1,932,476)	390,580
Administrative equipment	305,397	(221,961)	83,436
Other tangible assets	185,930	(134,799)	51,131
	6,282,580	(2,956,184)	3,326,396

The lease instalments not yet due are payable as follows:

	2009	2008
2009	-	1,156,987
2010	951,104	-
	951,104	1,156,987
2010	-	716,647
2011	850,371	604,276
2012	488,390	419,364
	1,338,761	1,740,287

30. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The changes in provisions in the years ended 31 December 2009 and 2008 were as follows:

	Taxes	Legal processes in progress	Losses on investments (Notes 5 and 19)	Total
Balance at 31 December 2007	1,470,046	3,327,534	2,454,305	7,251,885
Changes in the consolidation perimeter (Note 7)	(230,823)	(69,926)	-	(300,749)
Increases	3,000	601,767	298,018	902,785
Utilisation	(63,378)	(482,224)	-	(545,602)
Reclassifications	1,299,295	769,565	(2,068,860)	-
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 (Notes 5 and 19)	-	-	(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

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

The changes in impairment losses in the years ended 31 December 2009 and 2008 were as follows:

	Inventories (Note 23)	Trade and other receivables (Note 24)	Other current assets (Note 25)	Total
Balance at 31 December 2007	41,041	8,159,992	17,630,650	25,831,683
Changes in the consolidation perimeter	(30,325)	(1,957,337)	(336,287)	(2,323,949)
Increases	117,053	1,251,844	48,000	1,416,897
Decreases	(7,865)	(320,579)	-	(328,444)
Utilisation	(2,851)	(214,250)	-	(217,101)
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

Provisions and impairment losses recognised in the years ended 31 December 2009 and 2008 were as follows:

	2009	2008
Taxes	63,210	3,000
Litigation in process	612,586	601,767
	675,796	604,767
Inventories	1,460,469	109,188
Trade and other receivables	1,023,478	931,265
Other current assets	35,326	48,000
	2,519,273	1,088,453
	3,195,069	1,693,220

31. OTHER NON-CURRENT LIABILITIES

This caption and the corresponding payment plan at 31 December 2009 and 2008 were as follows:

	2009		
	2011	2012 and following years	Total
Accounts payable to related parties (Note 36)	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

	2008		
	2010	2011 and following years	Total
Accounts payable to related parties (Note 36)	7,742,333	18,062,523	25,804,856
FICA (Note 20)	1,806,723	2,892,356	4,699,079
State and other public entities - liability under payment plans	178,270	-	178,270
	9,727,326	20,954,879	30,682,205

(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 totaling 4,500,000 Euros which, if the operation is not realized, is repayable in a single installment.

32. TRADE AND OTHER PAYABLES

This caption at 31 December 2009 and 2008 was made up as follows:

	2009	2008
Current supliers	41,596,419	38,295,405
Accounts payable to related parties (Note 36)	1,877,543	4,922,763
Accrued costs:		
Accrued trade discounts	20,039,366	23,471,599
Program broadcasting costs	2,018,275	2,295,881
Other external supplies and services	2,483,268	2,705,425
Authors' rights and royalties	3,280,540	4,093,543
Sales returns	1,340,123	2,094,563
Other	3,784,162	2,906,596
	76,419,696	80,785,775

33. OTHER CURRENT LIABILITIES

This caption at 31 December 2009 and 2008 is made up as follows:

	2009	2008
Suppliers of fixed assets	2,707,751	3,874,651
Sundry creditors:		
Personnel remuneration	12,758,139	13,564,513
Factoring advances	9,500,000	8,898,617
Others	868,028	533,753
FICA (Note 20)	1,500,000	2,215,240
State and other public entities (Note 34)	15,788,911	15,649,526
Accounts payable to related parties (Note 36)	11,182,217	9,327,436
Deferred revenue	13,008,340	7,989,059
	67,313,386	62,052,795

34. STATE AND OTHER PUBLIC ENTITIES

This caption at 31 December 2009 and 2008 was made up as follows:

	2009		2008	
	Receivable (Note 25)	Payable (Note 33)	Receivable (Note 25)	Payable (Note 33)
Corporate Income Tax (a)	1,027,492	1,905,342	907,055	1,846,107
Value Added Tax	3,161,568	7,673,685	2,920,202	7,784,168
Social Security contributions	-	2,260,896	-	2,356,880
Personal Income Tax	121,859	2,331,261	840	2,128,795
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	-	1,438,640	-	1,337,405
Liabilities included in tax payment plans	-	149,549	-	180,116
Others	21,350	29,537	5	16,055
	4,332,269	15,788,910	3,828,102	15,649,526

(a) Credit balances related to Corporate income tax are made up as follows:

	2009	2008
Estimated current income tax for the year (Note 13)	10,888,140	10,266,799
Withholdings made by third parties and payments on account	(8,982,798)	(8,420,692)
	1,905,342	1,846,107

35. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2009 and 2008 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 2009 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 2009 was 2,330,220 Euros (1,461,319 Euros at 31 December 2008). The cost of the swaps for the year ended 31 December 2009 was 1,137,488 Euros (254,882 Euros in 2008).

The derivatives are made up as follows:

Rate	Maturity	Notional	Fair value
3,25% - 4,99%	20/12/2012	50,000,000	2,330,220

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 12), as follows:

Financial charges	1,137,488
Variation in fair value	868,901

	2,006,389
	========

36. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

The balances at 31 December 2009 and 2008 and transactions for the years then ended with related companies excluded from consolidation were as follows:

	2009				
	Trade and other receivables (Note 24)	Other current assets (Note 25)	Suppliers (Note 32)	Other current liabilities (Note 33)	Other non-current liabilities (Note 31)
Sogecable, S.A.	2,691,296	-	4,926	-	-
Promotora de Informaciones, S.A.(a) (b)	483,181	45,522,936	1,323,247	10,393,953	17,647,882
GDM - Gerencia de Medios, S.A.	441,211	-	133,331	-	-
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	-	-
Prisacom, S.A.	-	-	9,554	-	-
Box News Publicidad, S.L.	-	-	7,542	-	-
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	-	-	-	-	-
Promotora de Informaciones, S.A.	-	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	-
GDM - Gerencia de Medios, S.A.	-	(22,380)	-	-	-	-	-
Unión de Radio Corporativos, S.A.	-	-	-	-	-	366,810	-
Promotora Audiovisual de Zaragoza, S.L.	-	-	-	-	-	-	-
Plural - Jempsa, S.L.	-	-	-	-	-	-	9,280
Nanook	-	-	-	-	-	-	-
PLAY Entertainment	-	-	-	-	-	29	-
Gran Vía Musical de Ediciones, S.L.	-	-	-	-	-	840	-
Productora de Televisión de Córdoba, S.A.	-	-	-	-	-	-	-
Málaga Altavisión, S.A.	-	-	-	-	-	-	-
Radio Zaragoza, S.A.	-	-	-	-	-	550	-
Oficina del Autor, S.L.	-	-	-	-	-	-	-
Prisa División Inmobiliária, S.L.	-	-	-	-	-	225,317	-
	3,400	24,060,476	403,740	1,474,845	181,350	2,646,062	9,280

	2008				
	Trade and other receivables (Note 24)	Other current assets (Note 25)	Suppliers (Note 32)	Other current liabilities (Note 33)	Other non-current liabilities (Note 31)
Promotora de Emisoras de Televisión, S.A.	14,959,324	-	296,777	-	-
Sogecable, S.A.	2,764,473	-	88,882	-	-
GDM - Gerencia de Medios, S.A.	1,254,663	-	257,525	-	-
Transjornal	492,430	69,356	269,772	436	-
MCE	264,878	312,776	29,057	18,473	-
Diario AS,S.L	209,149	-	-	-	-
Localia Televisión Madrid, S.A.	192,552	-	944	-	-
Promotora de Informaciones, S.A.	187,326	26,367,698	1,128,448	8,140,490	25,804,856
Prisa Innova, S.A.	114,876	-	-	-	-
Promotora Audiovisual de Zaragoza, S.L.	91,255	-	9,258	-	-
Diario El Pais, S.L.	56,974	-	15,388	-	-
Plural - Jempsa, S.L.	9,645	-	-	303,600	-
Sociedade Española de Radiodifusión, S.A.	1,508	-	309,115	-	-
Santillana Ediciones Generales, S.L.	(23,048)	-	-	-	-
Promotora General de Revistas, S.A.	-	8,750,000	-	-	-
Nanook	-	21,316	-	-	-
Vertix	-	576	-	210,988	-
PLAY Entertainment	-	-	1,911,573	654,945	-
Ediciones LM, S.L.	-	-	222,500	-	-
Radio Murcia, S.A.	-	-	153,100	-	-
Algarra, S.A.	-	-	100,000	-	-
Valdepenãs de Comunicación, S.L.	-	-	83,000	-	-
Localia TV Valencia, S.A.	-	-	21,668	-	-
Prisa División Inmobiliaria, S.A.	-	-	10,120	-	-
Gran Vía Musical de Ediciones, S.L.	-	-	4,817	-	-
Prisacom, S.A.	-	-	4,050	-	-
Unión de Televisiones Gallegas, S.A.	-	-	2,436	-	-
Televisión, Medios y Publicidad, S.L.	-	-	-	-	-
Radio Club Canarias, S.A	-	-	1,186	-	-
Productora de Televisión de Córdoba, S.A.	-	-	1,183	-	-
Ferrolvisión, S.L.	-	-	1,067	-	-
CD TOP	-	-	1,050	(1,496)	-
Málaga Altavisión, S.A.	-	-	1,009	-	-
Companhia Aragonesa de Radiodifusión, S.A.	-	-	450	-	-
Televisión Pontevedra, S.A..	-	-	418	-	-
Canal Gasteiz, S.L.	-	-	418	-	-
Productora de Televisión de Salamanca, S.A.	-	-	174	-	-
Radio Zaragoza, S.A.	-	-	(2,622)	-	-
	20,576,005	35,521,722	4,922,763	9,327,436	25,804,856

	2008					
	Sales	Services rendered	Other operating income	Financial income	External supplies and services	Financial costs
Promotora de Emisoras de Televisión, S.A.	-	1,019,144	47,210	-	1,028,386	-
Sogecable, S.A.	-	12,453,051	-	-	124,029	-
GDM - Gerencia de Medios, S.A.	-	1,554,418	8,070	-	-	-
Transjornal	-	58,628	10	68,671	70,967	-
MCE	-	352,451	69,016	-	45,155	-
Localia Televisión Madrid, S.A.	-	348,980	1,640	-	4,864	-
Promotora de Informaciones, S.A.	-	560	-	2,424,653	1,432,259	95,315
Prisa Innova, S.A.	224,825	4,539	-	-	-	-
Promotora Audiovisual de Zaragoza, S.L.	-	203,118	-	-	(725)	-
Diario El Pais, S.L.	-	52,361	61,235	-	9,075	-
Plural - Jempsa, S.L.	-	-	-	-	-	9,031
Sociedade Española de Radiodifusión, S.A.	-	2,980	-	-	44,780	-
Promotora General de Revistas, S.A.	-	-	-	-	1,800	-
Nanook	-	-	-	-	15,277	-
PLAY Entertainment	2,335,313	-	40,728	-	261,801	-
Gran Vía Musical de Ediciones, S.L.	-	-	-	-	2,364	-
Productora de Televisión de Córdoba, S.A.	-	-	-	-	540	-
Málaga Altavisión, S.A.	-	-	-	-	870	-
Radio Zaragoza, S.A.	-	-	-	-	1,500	-
Oficina del Autor, S.L.	-	3,832	-	-	-	-
Sociedade Canaria de Televisión Regional, S.A.	-	(333,221)	-	-	61,625	-
	2,560,138	15,720,841	227,909	2,493,324	3,104,567	104,346

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

Promotora de Informaciones, S.A.

(a) Account receivable relating to a loan of 16,313,788 Euros repayable in one month, renewal 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 7.

Promotora de Emisoras, S.L.

(c) Account payable for the purchase of 40% of PCP (Note 7).

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 with 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.

The receipts and payments relating to loans between related companies in the year ended 31 December 2009 were as follows:

Receipts relating to:	
Repayment of loans granted:	
Promotora de Informaciones, S.A.	24,544,364
Vertix	18,405,873
	42,950,237
Payments relating to:	
Loans granted:	
Promotora de Informaciones, S.A.	(44,991,000)
Vertix	(18,405,873)
Promotora General de Revistas, S.A.	(630,000)
Transjornal	(53,845)
	(64,080,718)

The more significant balances with related parties at 31 December 2008 were as follows:

Promotora de Informaciones, S.A.

(a) Account receivable relating to a loan of 23,000,000 Euros repayable in one month, renewal for the same period. At 31 December 2008 this loan bore interest at the rate of 5.35%

(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 7.

Promotora General de Revistas, S.A.

(c) Account receivable for the sale of the written press business, which does not bear interest.

Promotora de Emisoras de Televisión, S.A.

(d) Account receivable for the sale of intangible assets relating to rights by Plural España. This account receivable was settled during 2009. The receipts from this transaction amounted to 17,351,726 Euros.

During the year ended 31 December 2008 there were no transactions with Directors or entities owned by them.

37. FINANCIAL COMMITMENTS

At 31 December 2009 and 2008 the Company had contracts and agreements with third parties to purchase rights, broadcast films and other programs in the amounts of 8,249,979 Euros and 11,493,938 Euros, respectively. The estimated years in which the films and programs will be available for broadcasting are as follows:

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

31 December 2008:

Nature	2009	2010	2011	2013 and following years	To be defined	Total
Films	468,609	32,956	222,171	1,498	150,000	875,234
Series	2,059,600	41,885	53,852	14,959	-	2,170,296
Entertainment	1,257,600	-	-	-	-	1,257,600
Documentaries	-	-	-	-	128,308	128,308
Sport	7,062,500	-	-	-	-	7,062,500
	10,848,309	74,841	276,023	16,457	278,308	11,493,938

38. RATES USED TO TRANSLATE FOREIGN CURRENCY BALANCES

The following rates of exchange were used to translate foreign currency assets and liabilities to Euros at 31 December 2009 and 2008:

	2009	2008
US Dollar	1.4406	1.3917
British Pound	0.8881	0.9525
Swiss Franc	1.4836	1.4850

39. CONTINGENT LIABILITIES

At 31 December 2009 MEDIA CAPITAL had the following bank and other guarantees given to third parties:

Comfort letters relating to compliance with Commercial Paper covenants	35,000,000
Universal Studios International BV - Stand by Letter of Credit	1,624,200
Tax Authorities - legal execution processes (b)	8,243,177
CLMC – letter of credit with 20th Century Fox Home Entertainment (c)	900,000
Warner Music – bank guarantee under an agreement with ENTERTAINMENT (d)	500,000
União de Leiria, SAD (e)	750,000
Guarantee relating to radio expansion projects	289,981
IAPMEI	409,578
Dali Invest Outdoor - Guarantee given resulting from the sale of MC Outdoor	183,000
Legal processes and others (b)	4,287,208
Bank guarantees relating to electricity supply contracts	13,109
Others	572,750
	52,773,003

(a) Comfort letter regarding compliance with obligations resulting from the commercial paper program due to the signing of a medium and long term loan contract (Note 29).

(b) Processes provided for in part, based on opinions of the Company's legal consultants.

The processes include an additional corporate income assessment of 5,114,554 Euros received in 2009 relating to a tax inspection carried out of 2006, questioning the use of the Group's tax losses carried forward, essentially of the year 2001. At 31 December 2009 the Group disagreed with this additional assessment and, based on the opinion of its legal consultants, believes that there are solid arguments to contradict the position of the tax authorities, having for this purpose presented a bank guarantee of 6,502,788 Euros.

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

(d) Bank guarantee under an exclusive distribution agreement between Warner Music Portugal and Entertainment.

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

40. REMUNERATION OF THE KEY MEMBERS OF THE MANAGEMENT

Remuneration of the members of the Company's Board of Directors in the year ended 31 December 2009 amounted to 1,808,578 Euros (1,973,123 Euros in 2008). The remuneration was earned in the various companies included in the consolidation.

The above mentioned remuneration for 2009 consists of fixed remuneration of 1,523,578 Euros and variable remuneration of 285,000 Euros (1,673,123 Euros and 300,000 Euros in 2008, respectively).

Fixed remuneration of the key management personnel of Grupo Media Capital in the years ended 31 December 2009 and 2008 amounted to 1,467,534 Euros and 2,914,874 Euros respectively, and their variable remuneration amounted to 237,375 Euros and 948,469 Euros, respectively.

41. FINANCIAL INSTRUMENTS

At 31 December 2009 and 2008 the financial instruments were as follows:

	2009	2008
Financial assets:		
Available-for-sale assets	7,638	8,905,006
Receivables	116,034,998	141,325,424
Cash and cash equivalents	20,556,456	7,171,573
	136,599,092	157,402,003
Financial liabilities:		
Derivatives by results	2,330,220	1,461,319
Borrowings	126,386,336	128,255,926
Payables	165,880,963	173,520,775
	294,597,519	303,238,020

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

(a) 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%.

At 31 December 2009 loans of 50,000,000 Euros were covered by the above hedge, the remaining 71,500,000 Euros being exposed to changes in market interest rates.

If the market interest rates were 0.5% higher or lower during the years ended 31 December 2009 and 2008 net profit for these years would have increased or decreased by 431,275 Euros and 325,000 Euros, respectively.

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

Exchange rate risk relates essentially to exposure to the investment in Plural Entertainment as well as to debts in currencies other than the Euro, the Group's reporting currency.

The exposure in Plural Entertainment at 31 December 2009 relates to net liabilities of 2,364,751 USD (1,641,504 Euros at the Euro/USD exchange rate at 31 December 2009).

In addition, exchange rate risks at 31 December 2009 relate to:

- Television program transmission rights contracts contracted with several foreign producers;
- Cinema and video program transmission rights contracts contracted with Twentieth Century Fox.

The Euro equivalents of the Company's foreign currency balances, translated at the exchange rates in force at 31 December 2009 and 2008 are as follows:

	Assets/(liabilities)	
	2009	2008
US Dollar (USD)	(6,398,468)	(1,007,343)
British Pounds (GBP)	(39,869)	(981,384)
Swiss Francs (CHF)	(12,643)	(36,264)
	(6,450,980)	(2,024,991)

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 24), 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;
- 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 30.

The Board of Directors believes that the estimated impairment losses at 31 December 2009 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 30. 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.

At 31 December 2009 and 2008, 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	2009	2008
Up to 90 days	5,451,591	8,188,833
From 90 to 180 days	2,425,835	1,566,077
More than 180 days	4,826,712	7,881,946
	12,704,138	17,636,856

(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 2009 and 2008 cash and cash equivalents and the unused amount of the commercial paper program and credit lines totalled 26,696,056 Euros and 24,171,573 Euros. Financial liabilities at 31 December 2009 and 2008 mature as follows:

	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 non-current liabilities	-	7,742,333	14,405,549	22,147,882
Non-remunerated:				
Other current liabilities	67,313,386	-	-	67,313,386
Trade and other payables	76,419,696	-	-	76,419,696
Derivatives by results	2,330,220	-	-	2,330,220
	157,304,416	38,814,333	98,478,771	294,597,520

	2008			
Financial liabilities	Up to 1 year	1 to 2 years	+ 2 years	Total
Remunerated:				
Borrowings	15,658,856	1,320,923	111,276,147	128,255,926
Other non-current liabilities	-	9,727,326	20,954,879	30,682,205
Non-remunerated:				
Other current liabilities	62,052,795	-	-	62,052,795
Trade and other payables	80,785,775	-	-	80,785,775
Derivatives by results	1,461,319	-	-	1,461,319
	159,958,745	11,048,249	132,231,026	303,238,020

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.
Inscrição na OROC nº 43
Registo na CMVM nº 231

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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 2009 do Grupo Media Capital, SGPS, S.A. ("Grupo"), as quais compreendem a demonstração consolidada da posição financeira em 31 de Dezembro de 2009 que evidencia um total de 437.590.502 Euros e capitais próprios de 134.211.378 Euros, incluindo um resultado líquido consolidado de 17.611.793 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.

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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 2009, 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, 12 de Fevereiro de 2010

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

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GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2009 AND 2008

(Amounts stated in Euros)

(Translation of statement of financial position originally issued in Portuguese - Note 20)

ASSETS	Notes	2009	2008
NON-CURRENT ASSETS:			
Tangible assets	8	249.930	518.338
Investments in subsidiaries	9	160.315.138	160.315.138
		160.565.068	160.833.476
CURRENT ASSETS:			
Trade and other receivables	17	2.325.291	12.343.414
Other current assets	10	10.894.393	18.116.268
Cash and cash equivalents	11	523.714	28.690
		13.743.398	30.488.372
TOTAL ASSETS		174.308.466	191.321.848
EQUITY AND LIABILITIES			
EQUITY:			
Capital	12	89.583.971	89.583.971
Share premium	12	-	-
Reserves	12	55.421.198	22.384.656
Retained earnings	12	23.535.520	42.973.551
Net profit for the year		595.311	33.036.542
Total equity		169.136.000	187.978.720
LIABILITIES:			
NON CURRENT LIABILITY:			
Loans	13	6.326	25.969
CURRENT LIABILITIES:			
Loans	13	17.920	16.979
Trade and other payables	14	3.926.788	1.862.075
Other current liabilities	15	1.221.432	1.438.105
		5.166.140	3.317.159
Total liabilities		5.172.466	3.343.128
TOTAL EQUITY AND LIABILITIES		174.308.466	191.321.848

The accompanying notes form an integral part of the statements of financial position as of 31 December 2009 and 2008.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts stated in Euros)

(Translation of statement of comprehensive income originally issued in Portuguese - Note 20)

	Notes	2009	2008
OPERATING REVENUE:			
Services rendered	4 and 17	6.859.469	6.853.933
Other operating revenue	4 and 17	424.436	140.630
Total operating revenue		7.283.905	6.994.563
OPERATING EXPENSES:			
Supplies and services	17	(4.533.555)	(4.780.768)
Employee benefits	5	(1.663.404)	(2.065.975)
Depreciation	8	(329.516)	(300.705)
Other operating expenses		(117.013)	(95.786)
Total operating expenses		(6.643.488)	(7.243.234)
Operating gain (loss)		640.417	(248.671)
FINANCIAL INCOME:			
Financial expense, net	6	(34.662)	(25.808)
Gain in subsidiaries		-	33.326.239
		(34.662)	33.300.431
Profit before tax		605.755	33.051.760
Income tax expense	7	(10.444)	(15.218)
Net profit for the year		595.311	33.036.542
Comprehensive income		595.311	33.036.542

The accompanying notes form an integral part of the statements of comprehensive income for the years ended 31 December 2009 and 2008.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 20)

	Notes	2009	2008
OPERATING ACTIVITIES:			
Cash receipts from customers		19.643.965	4.318.712
Cash paid to suppliers		(4.511.907)	(5.396.606)
Cash paid to employees		(1.656.920)	(2.210.447)
Cash generated from operations		13.475.138	(3.288.341)
Other payments relating to operating activities		(309.828)	(325.379)
Net cash from/(used in) operating activities (1)		13.165.310	(3.613.720)
INVESTING ACTIVITIES:			
Cash received relating to:			
Dividends		-	33.326.239
Repayment of supplementary capital contributions		-	22.203.681
Sale of tangible assets		-	37.600
Loans to participated companies		6.850.188	9.346.044
		6.850.188	64.913.564
Cash paid relating to:			
Acquisition of tangible assets		(57.672)	(264.711)
		(57.672)	(264.711)
Net cash from/(used in) investing activities (2)		6.792.516	64.648.853
FINANCING ACTIVITIES:			
Cash received relating to:			
Interest and other similar income		258	7.551
Cash paid relating to:			
Dividends	12	(19.438.031)	(60.999.923)
Payment of finance lease contracts		(18.293)	(14.271)
Other financial expenses		(6.736)	(3.422)
		(19.463.060)	(61.017.616)
Net cash used in financing activities (3)		(19.462.802)	(61.010.065)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		495.024	25.068
Cash and cash equivalents at the begining of the year	11	28.690	3.622
Cash and cash equivalents at the end of the year	11	523.714	28.690

The accompanying notes form an integral part of the cash flow statements
for the years ended 31 December 2009 and 2008.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(Amounts expressed in Euros)

(Translation of statements of changes in equity originally issued in Portuguese - Note 20)

	Capital	Share premium	Reserves	Retained earnings	Net profit for the year	Total equity
Balance at 31 December 2007	7.606.186	81.709.213	19.619.220	103.973.474	3.034.008	215.942.101
Capital increase	81.977.785	(81.709.213)	(268.572)	-	-	-
Transfer of profit for the year	-	-	3.034.008	-	(3.034.008)	-
Distribution of dividends (Note 12)	-	-	-	(60.999.923)	-	(60.999.923)
Net profit for the year	-	-	-	-	33.036.542	33.036.542
Balance at 31 December 2008	89.583.971	-	22.384.656	42.973.551	33.036.542	187.978.720
Transfer of profit for the year	-	-	33.036.542	-	(33.036.542)	-
Distribution of dividends (Note 12)	-	-	-	(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

The accompanying notes for an integral part of the statements of changes in equity for the years ended 31 December 2009 and 2008.

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 11 February 2010.

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 would be to increase assets, liabilities and operating revenue by 263,282,036 Euros, 298,206,658 Euros, 260,584,321 Euros and 17,016,482 Euros, respectively, and decrease equity by 34,924,622 Euros.

IFRS were adopted for the first time in 2006 and so the transition adjustments from Portuguese accounting standards ("POC") to IFRS were made as of 1 January 2005 in accordance with the requirements of IFRS 1 – First time adoption of international financial reporting standards ("IFRS 1").

2.2 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. In addition, whenever applicable, cost includes the estimated cost of dismantling and removing the assets and re-qualifying the location, as well as costs directly attributable to the acquisition, construction or production of assets that require a substantial period of time to be available for use.

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 is 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 - 50
Transport equipment	4
Administrative equipment	4
Other tangible fixed assets	3 - 10

2.3 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.

2.4 Financial instruments

2.4.1 Investments in subsidiaries

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

Dividends received out of post-acquisition profits from subsidiaries are recorded as financial income. Dividends which exceed such profits are recorded as decreases in the investments.

2.4.2 Trade receivables and other current assets

Trade receivables and other current assets are initially recognised at their nominal value and reflected 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 nominal and recoverable amounts and is recognised in the statement of profit and loss for the year.

2.4.3 Cash and cash equivalents

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

2.4.4 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.

2.5 Impairment of assets

Impairment tests are performed 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.

2.6 Income tax

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

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 reasonable 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.

2.7 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.

2.8 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 2009 in relation to those used to prepare the financial information for 2008 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 2009, that did not have a significant effect on the amounts included in these financial statements, changes in terminology having however been introduced (including the captions in the financial statements). The standards referred to are:

- IFRS 8 – Operating segments

- IAS 1 (Revised in 2007) – Presentation of financial statements
- IAS 23 (revised) – Financing costs
- Improvements to the IFRS issued in May 2008

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 2009 and 2008 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 2009 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:

- IFRS 3 (revised 2008) – Business Combinations (years beginning after 1 July 2009);
- IAS 27 (revised 2008) – Consolidated and Separate Financial Statements (years beginning after 1 July 2009);
- IAS 28 (revised 2008) – Investments in Associates (years beginning after 1 July 2009);
- IFRIC 17 – Distributions of Non Cash Assets to Owners (years beginning after 1 July 2009);
- Improvements to IFRS (April 2009) (mostly for years beginning after 1 January 2010).

Although the impact of adopting the above standards and interpretations in 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 INCOME BY NATURE

Operating income for 2009 and 2008 consists essentially of services rendered to subsidiary companies.

5. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2009 and 2008, are made up as follows:

	2009	2008
Wages and salaries	1,282,299	1,400,048
Charges on remuneration	216,376	216,917
Performance bonus	117,965	293,472
Severance payments	-	78,885
Labour accident insurance and related costs	12,543	7,949
Other	34,221	68,704
	1,663,404	2,065,975

The average number of employees in the years ended 31 December 2009 and 2008 was 22.

6. FINANCIAL EXPENSE, NET

Financial expense, net for the years ended 31 December 2009 and 2008 are made up as follows:

	2009	2008
Financial expense:		
Interest expense	1,395	1,633
Other	33,526	31,727
	34,921	33,360
Financial income:		
Interest income	259	7,551
Other	-	1
	259	7,552
	(34,662)	(25,808)

7. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Company is 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 a maximum of 1.5% of taxable profit subject to and not exempt from corporate income tax resulting in an aggregate tax rate of about 26.5%.

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.
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 and 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 2006 to 2009 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 six years. At 31 December 2009 and 2008 tax losses available to be carried forward amount to 13,450,217 Euros and 14,870,394 Euros, respectively, and expire as follows:

	2009	2008
2009	-	1,420,177
2010	1,213,225	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
	13,450,217	14,870,394

The deferred tax assets relating to these losses have not been recognised as there is insufficient evidence of the occurrence of future tax profits to use them.

Reconciliation of the tax rate for the years ended 31 December 2009 and 2008 is as follows:

(a) Reconciliation of the tax rate

	2009	2008
Profit before tax	605,755	33,051,760
Nominal income tax rate	25.00%	25.00%
Estimated tax charge	151,439	8,262,940
Permanent differences (i)	(155,475)	(8,821,922)
Unrecoverable deferred tax assets	-	558,561
Adjustment to income tax due (ii)	14,480	15,639
	10,444	15,218
Current tax (Note 16)	14,480	15,639
Excess prior year tax	(4,036)	(421)
	10,444	15,218
Effective tax rate	1.72%	0.05%

(i) These amounts for the years ended 31 December 2009 and 2008 are made up as follows:

	2009	2008
Dividends	-	(33,326,239)
Public share sale offering costs	(576,392)	(2,040,909)
Others, net	(45,508)	79,460
	(621,900)	(35,287,688)
	25.0%	25.0%
	(155,475)	(8,821,922)

(ii) This amount represents autonomous taxation of certain expenses as well as Municipal Surcharge of 2,054 Euros.

8. TANGIBLE ASSETS

The changes in tangible assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2009 and 2008 are as follows:

	Buildings and other constructions	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Gross:						
Balance at 31 December 2007	-	67,990	24,264	735,916	-	828,170
Acquisitions	74,850	53,830	66,877	71,178	31,348	298,083
Sales and write offs	-	(38,840)	-	-	-	(38,840)
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

	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 2007	-	(25,949)	(5,106)	(252,853)	-	(283,908)
Increase	(1,871)	(27,056)	(14,510)	(257,268)	-	(300,705)
Sales and write offs	-	15,538	-	-	-	15,538
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)

	Buildings and other constructions	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Net:						
Net balance at 31 December 2008	72,979	45,513	71,525	296,973	31,348	518,338
Net balance at 31 December 2009	65,494	23,924	76,421	58,659	25,432	249,930

9. INVESTMENTS IN SUBSIDIARIES

The changes in investments in subsidiaries in the year ended 31 December 2008 were as follows, no changes having occurred in 2009:

	Equity investments in group companies	Loans	Total
Balance at 31 December 2007	142,315,139	40,203,680	182,518,819
Increases/(decreases)	17,999,999	(40,203,680)	(22,203,681)
Balance at 31 December 2008	160,315,138	-	160,315,138
Balance at 31 December 2009	160,315,138	-	160,315,138

Investments in subsidiaries at 31 December 2009 correspond to an investment in Meglo – Media Global, SGPS, S.A., the head office, assets, equity, total income and net profit for the year of which are as follows:

Company	Head office	Total assets	Total revenue	Equity	Net profit for the year	Participation percentage	Book value
MEGLO - Media Global, SGPS, S.A. ("Meglo")	Lisboa	325,026,796	50,213,040	29,508,316	10,305,673	100%	160,315,138

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 between four and five years having been prepared, a perpetuity having been considered thereafter. The nominal growth rate used for the perpetuity was 3.5% (3.5% in 2008). The discount rate used was 8.21% (8,0% in 2008), common to all the cash generating units as it was considered that they all operate directly or indirectly in the media market, being the commercial activity, the clients and the publicity market seen transversally.

The compound rate of growth considered for the period of the projections was 1.4% for the segments under review, the year 2009 being considered as the base, which resulted in EBITDA of 5.8% and Capex of 1.9%. The group believes that these estimates are reasonable considering that in 2009 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 2009 and 2008, 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.

10. OTHER CURRENT ASSETS

This caption at 31 December 2009 and 2008 was made up as follows:

	2009	2008
State and other public entities (Note 16)	462,453	27,089
Sundry debtors	8,282	14,341
Accounts receivable from related parties (Note 17)	10,387,880	18,049,109
Prepayments	35,778	25,729
	10,894,393	18,116,268

11. CASH AND CASH EQUIVALENTS

This caption at 31 December 2009 and 2008 was made up as follows:

	2009	2008
Bank deposits	1,000	1,094
Cash	522,714	27,596
	523,714	28,690

12. EQUITY

The Company's fully subscribed and paid up capital at 31 December 2009 consisted of 84,513,180 shares of one Euro and six cents each, totaling 89,583,971 Euros.

On 5 March 2008 the Shareholders' General Meeting decided to increase capital through the incorporation of the share premium and free reserves in the amounts of 81,709,213 Euros and 268,572 Euros, respectively, with a resulting increase in the nominal value of each share from 9 cents to one euro and six cents, thus not increasing the number of shares outstanding.

At 31 December 2009 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% 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 it 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 2009 and 2008, the legal reserve amounted to 2,784,918 Euros and 1,133,091 Euros, respectively.

The Shareholders' General Meeting held on 12 March 2009 approved the distribution of dividends totaling 19,438,031 Euros (0.23 Euros per share).

The Shareholders' General Meeting held on 5 March 2008 approved the distribution of dividends totaling 60,999,923 Euros, out of reserves available at 31 December 2007. This distribution corresponds to a dividend of 0.72 Euros per share.

13. LOANS

This caption at 31 December 2009 and 2008 corresponded to outstanding finance lease installments, as follows:

	2009			
	Book value		Nominal value	
	Current	Non-current	Current	Non-current
Finance lease contracts	17,920	6,326	17,920	6,326

	2008			
	Book value		Nominal value	
	Current	Non-current	Current	Non-current
Finance lease contracts	16,979	25,969	16,979	16,979

Assets under finance lease:

	2009		
	Cost	Accumulated depreciation	Net
Transportation equipment	53,830	29,906	23,924

	2008		
	Cost	Accumulated depreciation	Net
Transportation equipment	53,830	11,962	41,868

The lease instalments not yet due mature as follows:

	2009	2008
2009	-	16,979
2010	17,920	-
	17,920	16,979
2010	-	17,845
2011	6,326	8,124
	6,326	25,969

14. TRADE AND OTHER PAYABLES

This caption at 31 December 2009 and 2008 was made up as follows:

	2009	2008
Current suppliers	259,021	242,332
Accounts payable to related parties (Note 17)	3,499,664	1,230,040
Accrued costs:		
Other supplies and services	143,152	373,352
Others	24,951	16,351
	3,926,788	1,862,075

15. OTHER CURRENT LIABILITIES

This caption at 31 December 2009 and 2008 was made up as follows:

	2009	2008
Suppliers of fixed assets	2,213	14,313
Sundry creditors:		
Personnel remuneration	713,007	752,036
Others	-	2,991
State and other public entities (Note 16)	196,958	403,717
Accounts payable to related parties (Note 17)	309,254	265,048
	1,221,432	1,438,105

16. STATE AND OTHER PUBLIC ENTITIES

This caption at 31 December 2009 and 2008 was made up as follows:

	2009		2008	
	Accounts receivable (Note 10)	Accounts payable (Note 15)	Accounts receivable (Note 10)	Accounts payable (Note 15)
Corporate Income Tax (a)	36,078	-	27,089	-
Corporate Income Tax (b)	-	14,428.00	-	13,714
Value Added Tax	426,375	95,017.00	-	296,426
Social Security contributions	-	45,879.00	-	46,669
Personal Income Tax	-	41,634.00	-	46,908
	462,453	196,958	27,089	403,717

(a) This caption includes the special payment on account made in 2009.

(b) This caption includes estimated income tax in the amount of 14,480 Euros (Note 7) less tax withholdings of 52 Euros.

17. RELATED PARTIES

The caption related parties at 31 December 2009 and 2008 consists essentially of the following subsidiary and associated companies of Meglo.

Company	Head office	Effective percentage participation held 2009	2008
Grupo Media Capital, SGPS, S.A.	Barcarena	Mãe	Mãe
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”)	Lisbon	90	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	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
Media Capital - Internet, S.A. ("MC Internet")	Barcarena	-	100
MEDIA CAPITAL TELECOMUNICAÇÕES , S.A. (“MCT”)	Barcarena	-	100
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	Porto	100	69
LÚDICODROME - EDITORA, Unipessoal, Lda. ("Ludicodrome")	Barcarena	100	100
UNIDIVISA - Promoção de Projectos de Media, S.A. ("UNIDIVISA")	Barcarena	100	100
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
MULTICENA – Equipamento de Imagem e Som, S.A. (“MULTICENA”)	Lisbon	-	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
NBP Brasil, S.A.	Lisbon	100	100
FEALMAR – Empresa de Teatro Estúdio de Lisboa, S.A. (“FEALMAR”)	Lisbon	-	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 (USA)	100	100
TESELA Producciones Cinematográficas, S.L. ("TESELA")	Madrid (Spain)	100	80.8
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)	50	50
Sociedad Canaria de Televisión Regional, S.A.("SOCATER")	Tenerife (Spain)	40	40
Productora Canária de Programas, S.A. ("PCP")	San Andrés (Spain)	40	-
TRANSJORNAL – Edições de Publicações, S.A. (“Transjornal”)	Lisbon	-	35
CD TOP – Sociedade Internacional de Audiovisual, S.A. (“CD TOP”)	Lisbon	-	23
União de Leiria, SAD (“União de Leiria”)	Leiria	20	20
Nanook – Empresa Europeia de Produção de Documentários, Lda	Lisbon	16	16

The balances at 31 December 2009 and 2008 and transactions for the years then ended with these companies and related companies (Prisa Group companies) were as follows:

Balances:

	2009			
	Trade and other receivables	Other current assets (Note 10)	Trade payables (Note 14)	Other current liabilities (Note 15)
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 SGPS, S.A.	-	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

	2008			
	Trade and other receivables	Other current assets (Note 10)	Trade payables (Note 14)	Other current liabilities (Note 15)
TVI	5,827,611	33,443	2,876	14,734
MC SERVIÇOS	1,415,317	-	86,962	37,133
RETI	1,094,692	400	-	-
PLURAL	1,041,207	7,738	-	-
COMERCIAL	693,228	-	-	-
MCP	687,970	-	-	-
CLMC	556,848	15,275	-	-
ENTERTAINMENT	318,950	-	-	-
FAROL	242,659	1,209	166	-
MULTIMÉDIA	236,643	220,243	-	-
PLURAL España	180,938	-	-	-
Promotora de Informaciones, S.A.	18,511	-	1,124,301	2,193
Meglo	17,193	17,754,727	-	-
Publipartner	11,327	-	-	-
Diario El Pais, S.A.	320	-	-	-
MCE	-	12,000	1,626	-
MED CAP	-	2,257	14,109	-
KIMBERLEY	-	666	-	-
VERTIX SGPS, S.A.	-	576	-	210,988
SPOT	-	325	-	-
IOL Negócios	-	125	-	-
MCT	-	50	-	-
Unidivisa	-	50	-	-
MCP Investimentos	-	20	-	-
FEALMAR	-	5	-	-
	12,343,414	18,049,109	1,230,040	265,048

Meglo’s accounts receivable at 31 December 2009 and 2008 result from financial support to the subsidiaries’ activities and mature in the short term.

Transactions:

	2009		
	Services rendered	Other operating revenue	Suplies and services
TVI	3,473,331	133,898	46,111
Plural Portugal	825,691	62,409	-
Plural Espanã	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 SGPS, S.A.	-	3,720	-
IOL Negócios	-	3,200	2,850
PROMOTORA	-	-	1,309,025
MED CAP	-	-	50,912
	6,859,469	420,437	3,661,431

	2008			
	Services rendered	Other operating revenue	Suplies and services	Gain in subsidiaries
TVI	3,705,254	2,055	14,335	-
Plural Portugal	887,129	36,975	-	-
MCP Produções	584,324	-	-	-
CLMC	390,098	13,680	-	-
COMERCIAL	319,721	2,175	35,000	-
FAROL	303,027	11,080	107	-
Plural Espanã	180,938	-	-	-
MULTIMÉDIA	164,937	13,680	-	-
MCE	159,449	41,400	37,325	-
ENTERTAINMENT	65,464	2,000	-	-
Publipartner	63,701	240	-	-
Meglo	25,546	-	-	33,326,239
MC SERVIÇOS	4,345	960	1,605,966	-
PROMOTORA	-	-	1,403,855	-
MED CAP	-	-	110,820	-
REGIONAL	-	-	35,480	-
EPC	-	-	3,450	-
	6,853,933	124,245	3,246,338	33,326,239

18. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

Remuneration of the members of the Company's Board of Directors in the year ended 31 December 2009 amounted to 1,808,578 Euros (1,973,123 Euros in 2008).

The above mentioned remuneration for 2009 consists of fixed remuneration of 1,523,578 Euros and variable remuneration of 285,000 Euros (1,673,123 Euros and 300,000 Euros in 2008, respectively).

In the years ended 31 December 2009 and 2008, the fixed remuneration of the key management personnel of the group amounted to 1,467,534 Euros and 2,914,874 Euros, respectively, and their variable remuneration amounted to 237,375 Euros and 948,469 Euros, respectively.

19. FINANCIAL INSTRUMENTS

The captions financial instruments at 31 December 2009 and 2008 were made up as follows:

	2009	2008
Financial assets:		
Accounts receivable	13,219,684	30,459,682
Cash and cash equivalents	523,714	28,690
	13,743,398	30,488,372
Financial liabilities:		
Loans	24,246	42,948
Accounts payable	5,148,220	3,300,180
	5,172,466	3,343,128

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.

20. 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.

Deloitte & Associados, SROC S.A.
Inscrição na OROC nº 43
Registo na CMVM nº 231

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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 2009 do Grupo Media Capital, SGPS, S.A. ("Empresa"), as quais compreendem a demonstração da posição financeira em 31 de Dezembro de 2009 que evidencia um total de 174.308.466 Euros e capitais próprios de 169.136.000 Euros, incluindo um resultado líquido de 595.311 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.

Deloitte.

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 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.

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 2009, 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 2.4 os investimentos financeiros em empresas do grupo são apresentados ao custo de aquisição ou ao valor de mercado ou de recuperação. 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, 12 de Fevereiro de 2010

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