IMPRESA
Sociedade Gestora de Participações Sociais, SA.

Annual Report

Year of 2005

Sociedade Aberta
Headquarters: R. Ribeiro Sanches, 65 - LISBOA
Share Capital: 84.000.000 €uros
Cons. Reg. Com. de Lisboa - Matrícula Nº 1 519
Pessoa Colectiva Nº 502 437 464

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MANAGEMENT REPORT FOR 2005

In compliance with the legal requirements applicable to corporations, the Board of Directors of IMPRESA – Sociedade Gestora de Participações Sociais now submits its MANAGEMENT REPORT for 2005. In doing so, we were fully aware of the need to provide sufficient information to the shareholders and the investing public in general to enable them to arrive at an objective assessment of the activity of the IMPRESA GROUP within its particular domain.

A) CONSOLIDATED ACCOUNTS

The accounts for this reporting year were prepared in accordance with IAS, the accounts for 2004 having been adjusted to meet those standards for the purpose of comparison.

1. IMPRESA: Key numbers

Table 1. Main indicators 2005

(Values in 000 €)	Dec-05	Dec-04 (IAS)	ch (%)	4th Qt 05 (IAS)	4th Qt 04	ch (%)
Total Revenues	**261.254**	**256.265**	**1,9%**	**69.608**	**71.918**	**-3,2%**
Advertising	172.236	175.481	-1,8%	48.773	50.516	-3,5%
Publication Sales	35.236	35.371	-0,4%	7.600	8.426	-9,8%
Thematic channels	31.145	29.204	6,6%	7.844	7.391	6,1%
Ad-on Products	12.248	7.866	55,7%	3.234	3.740	-13,5%
Multimedia	7.306	5.039	45,0%	1.951	1.382	41,2%
Others	5.738	4.865	17.9%	1.414	1.231	14.8%
IAS Adjustements	5.384	6.313	-14,7%	1.060	1.352	-21,6%
TV Revenues	161.673	163.974	-1,4%	43.187	44.739	-3,5%
Newspaper Revenues	60.975	56.523	7,9%	17.240	16.839	2,4%
Magazines Revenues	40.908	38.776	5,5%	10.036	10.917	-8,1%
EBITDA (recurrent)	**54.240**	**53.837**	**0,7%**	**17.441**	**17.623**	**-1,0%**
Margin EBITDA	**20,8%**	**21,0%**		**25,1%**	**24,5%**	
EBITDA	**49.217**	**52.794**	**-6,8%**	**16.134**	**17.566**	**-8,2%**
Margin EBITDA	**18,8%**	**20,6%**		**23,2%**	**24,4%**	
EBITDA Television	34.484	52.794	-34,7%	10.868	17.566	-38.1%
EBITDA Newspaper	12.999	13.436	-3,2%	4.258	5.190	-18,0%
EBITDA Magazines	4.148	4.155	-0,2%	1.455	1.468	-0,9%
EBIT Consolidated	**40.398**	**41.606**	**-2,9%**	**14.022**	**15.326**	**-8,5%**
Margin Ebit	**15,5%**	**16,2%**		**20,1%**	**21,3%**	
Net Profits (recurrent)	25.853	18.154	42,4%	9.224	6.788	35,9%
Net Profits	**22.008**	**17.330**	**27,0%**	**8.219**	**6.744**	**21,9%**
Net Debt (M€) (1)	**214,3**	**244,7**	**-12,4%**	**214,3**	**244,7**	**-12,4%**

Notes: (1) Net debt in 2004 is adjusted to reflect the acquisition price of SIC at the start of 2005

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- Total revenues up by 1.9%, to 261,2 M€:
    - In the face of a 1.9% decline in advertising revenues
    - In the face of a 0.4% decline in publication sales
    - Offset by rising revenues from thematic channels (+6.6%), alternative products (+55.7%), multimedia (+45%) and others (17.9%).

- EBITDA was 49.2 M€; excluding restructuring charges it rose by 0.7%, to 54.2 M€.

- Restructuring costs totalled 5 M€ in 2005, mainly in TV and newspapers areas.

- Operating profit was 40.4 M€, representing an EBIT of 15.5%.

- Debt was reduced. Net interest-bearing debt totalled 214.3 M€ at year end 2005: down more than 30 M€ after acquisition of SIC minority interests.

- Net profit was up 27.3%, to 22 M€. Without restructuring charges, profit would have been 25.9 M€, up 42.4% on 2004.

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2. Main events in 2005

- **Acquisition of SIC minority interests:** In Q1, IMPRESA completed its purchase of 49% of the share capital of tv station SIC, after obtaining the authorizations required by law. After this transaction, IMPRESA now holds 100% of the share capital of SIC and the same percentage of voting rights. This acquisition involved an investment of 152.5 M€, funded entirely by debt.

- **Publication and launch of "DVD 2004 IN RETROSPECT"**: approximately 1 million DVD copies were distributed free with Grupo publications. This was a roundup of that year's major domestic and international events, with more than 1,500 videos, 1,000 photographs and 5,000 articles edited by the IMPRESA group.

- **Re-launch** – The motorsport weekly "Autosport" was re-launched in January 2005, and was particularly well succeed. As a result, sales of the newspaper rose 20.1%.

- **Launch of new publications:** IMPRESA was particularly active during the first half of the year with new launches:

  - "Brinca e Aprende", a children's magazine, "FHM", a magazine for men and "Rotas do Mundo", a travel magazine were launched in Q1. At the beginning of summer, we launched "Ideias Casa Claudia" a new quarterly magazine devoted to interior decoration.

  - The "Courrier Internacional" newspaper, which we launched in April. This was the fruit of a joint venture with "Le Monde", a leading French newspaper.

- **Agreement with Mirandela:** IMPRESA entered into a contract with Mirandela, whereby the former acquires 100% of Mirnadela, which is devoted to the printing of newspapers, specifically Expresso. At the same time, Mirandela undertook to invest in new printing equipment, with the aim of increasing production capacity, specifically in color pages. After these investments are completed, Mirandela will be able to print that newspaper's main supplements entirely in color.

- **Acquisition of Som Livre**: IMPRESA has begun negotiations to acquire 100% of Som Livre – Som e Imagens, Lda., presently held as to 90% by Globo Overseas Investments, BV.

- **The most watched film** – The film "O Crime do Padre Amaro", co-produced by SIC, was released on the cinemas in last quarter of 2005, and

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become the most watched Portuguese film ever, with over 366 000 spectators.

- **New record for SIC Notícias** - SIC Notícias managed, for the fifth consecutive year, to increase its number of spectators and the average viewing time, which for the first time was more than 19 minutes per day.

- **Leader on the Internet** - In 2005, SIC Online was the media site with more visitors amongst the media companies sites, with 669 000 unique users.

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3. Advertising Market

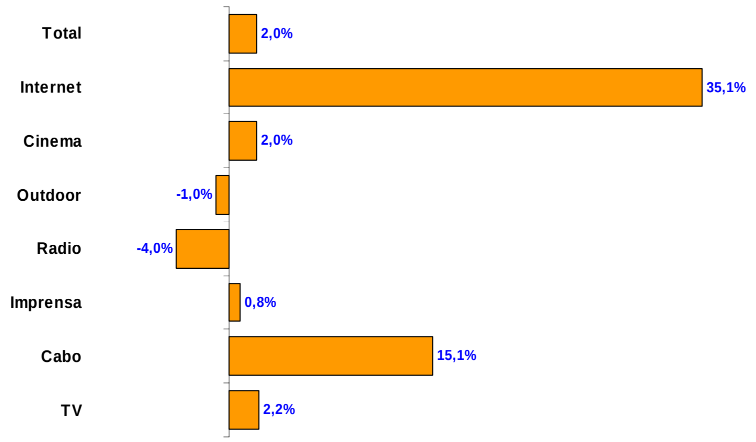
Much as in 2004, the advertising market was patchy in 2005. There were no major events, such as Rock in Rio, Euro 2004, or the Olympic Games, which had been held in the year before. At the same time, the increase in the value-added tax, the debate on the extent of the public deficit and the rise in the unemployment rate put a damper on expectations of market growth in nearly all sectors of the economy.

Other factors had an impact on the mass market for consumer goods, such as the upsurge of new stores in the hard-discount category and the resulting pressure on prices. This had a heavy impact on advertisers in this sector, who account for more than 50% of total TV advertising expenditures.

The only offset to this stagnation of advertising spending was in the telecommunications sector, which breathed some life into the market, although the volume in this area did not suffice to stimulate any significant growth in the market as a whole.

Such growth as could be seen - some 2.0%, and marginal at best – was entirely dissipated if we take into account the rate of inflation and the fact that both television and press reduced their agency fees.

Mercado Publicitário em 2005

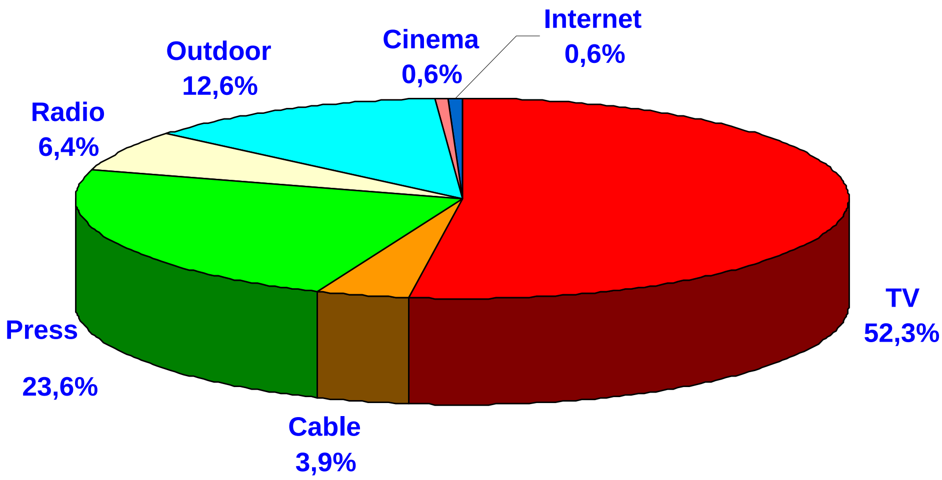


Source: APAP/TempoOMD

In absolute terms, the total advertising market amounted to approximately 675 M€, of which TV accounted for 52.2%. Free-to-air television accounted for 352 M€ of advertising spending, representing growth of 2.2%.

Market growth was not reflected in all segments. Radio and outdoor advertising lost share. Press showed a very modest 0.8% growth. Growth in cable TV continued strong (+15.1%), and now accounts for 3.9% of total advertising spending in Portugal. Internet advertising continues to show the strongest rate of growth (+35.1%), but still remains insignificant, accounting for no more than 0.6% of total spending in 2005.

Advertising Market - 2005



Source: APAP/Tempo OMD

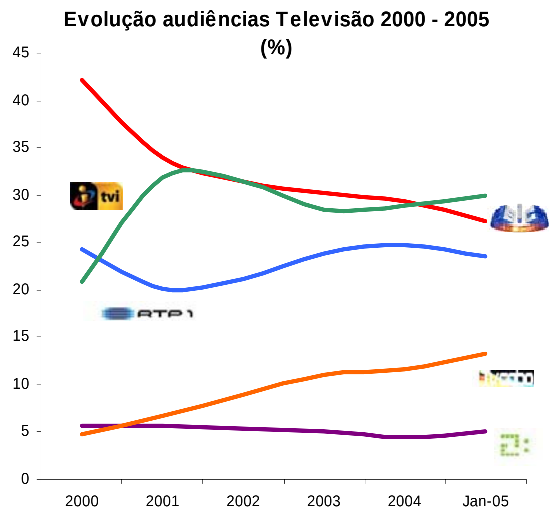
4. Television

Table 2. Key numbers SIC

	Dec-05	Dec-04 (IAS)	ch %	4th Qt 05	4th Qt 04 (IAS)	ch %
Total Revenues	**162.026.592**	**163.974.402**	**-1,2%**	**43.540.508**	**45.050.554**	**-3.4%**
Advertising	118.337.107	123.868.347	-4,5%	32.831.151	35.376.033	-7,2%
SIC channels	31.145.296	29.204.282	6,6%	7.844.203	7.391.048	6,1%
Others	12.544.192	9.453.463	32.7%	2.865.154	2.162.719	32.5%
Asset Sales	0	1.448.311	n.a.	0	120.756	n.a.
Restruturing Costs	4.322.769	339.729	1172,4%	769.417	339.729	126,5%
Total costs w/Rest	123.220.292	123.313.397	-0,1%	31.903.310	31.145.779	2,4%
EBITDA (recurrent)	38.806.303	40.661.005	-4.6%	11.637.199	13.904.776	-16.3%
EBITDA	**34.483.534**	**40.321.276**	**-14,5%**	**10.867.782**	**13.565.047**	**-19.9%**
EBITDA (%)	**21,3%**	**24,6%**		**25.0%**	**30.1%**	
Profits before taxes	26.445.307	28.698.041	-7.8%	9.203.202	11.684.045	-21,2%

Note: The SIC channels comprise SIC Notícias, SIC Radical, SIC Mulher, SIC Gold/Comédia, SIC Internacional and the international subscribers of SIC Notícias.

In 2005, SIC posted a consolidated volume of 162 M€, down 1.2% on 2004. In the 4th quarter, SIC posted a year-on-year decline of 3.4% in total revenues, due to a 4.5% fall in advertising revenues, this in turn due to a 7% shrinkage in audience numbers as compared to the same period in 2004.



After 10 consecutive years as leader, SIC fell to second place, reaching an average audience of 27.2%, 2% below its 2004 average.

Net advertising revenues reflected a market share of 39.9% in terms of total advertising spending on open television, against 45.1% for TVI and 15% for RTP.

Our diversification strategy continued to pay off. SIC's other revenues rose by 8.9%, now accounting for 27% of total billings and making an important contribution in terms of margins and earnings. This enabled SIC to post its 3rd best earnings record of all times despite the loss of audiences and the considerable burden of restructuring charges.

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4.1. SIC Programming

The waning attractiveness of recent Brazilian soap's, the absence of football matches on television screens, and our commitment to prime-time content that proved less appreciated by the public were the main reason for the fall in audience numbers.

In 2005, we maintained a programming profile that gave priority to comedy programs and Brazilian *soap's.* We continued the comedic formats of "Malucos do Riso", "Flagrante Delírio", "KY Pirata", "Levanta-te e Ri", and "Maré Alta", with new forays into that segment such as "Os Jika da Lapa", "Inimigo Público", "Zero em comportamento", "Malucos na Arábia", "Malucos na praia", "Malucos & filhos" and "Camilo em sarilhos".

At the end of September we replaced the team at the programs department, with the sub-departments of entertainment, fiction and program marketing, SIC Multimédia, SIC Internacional and the theme channel departments now coming under the supervision of the new programs department.

The first step taken by the new department was to revamp the SIC Ten o'clock program, giving place to "Fátima", and to cancel the "Às 2 por 3" program, which was replaced in January by "Contact". "Herman SIC" was a target for changes in content, in order to change it into a family program.

Programming of the Globo soap's attracted lower-than-expected audience numbers. "Senhora do Destino", the prime-time leader in the first quarter and the final chapter of "América" were exceptions.

The SIC morning program, from Monday to Friday, and the only one dedicated to small children, lost audiences throughout the year, except for the production of new episodes of the "Uma Aventura" series for older children, which posted respectable audience numbers. At the same time, our children's weekend programming continued to be popular with its target audience.

We continued to maintain the best of relations with two international partners (Disney and W Dreamworks). Special mention should be made of the foreign series that we showed, which posted above-average audience numbers, such as "CSI – Crime Sob Investigação" (CSI:crime under investigation), "Donas de Casa Desesperadas" (desperate housewives) and the new episodes of "Sex and the City".

2005 saw the emergence of new talents, such as Fátima Lopes, Nilton, Marco Horácio, Bruno Nogueira, Fernando Rocha, Nuno Graciano, Eduardo Madeira, Cláudia Semedo and Nuno Eiró.

We gave pride of place to the production of fiction mini-series in 2005. "Até Amanhã Camaradas" marked SIC's return to major productions and was a notable success during the first half of the year. However, the year's biggest hit proved to be another project of support to Portuguese cinema. Making its debuts at cinemas during the last quarter, "O Crime do Padre Amaro", co-produced by SIC was the most-watched Portuguese film of all time, with more than 366,000 viewers. This film, which introduced two young actors (Soraia Chaves and jorge Corrula), together with many SIC veterans, including Rui Unas, Cláudia Semedo, Ana Marques and Rita Andrade, went on to become a 4-episode mini-series, to be shown during 2006.

4.2. SIC News

SIC newscasts held to their own editorial principles of impartiality and rigor. It was on the scene at all critical moments, both at home and abroad, and its investigations frequently made all the difference, bringing the public the news at first hand and stimulating debate on the most important issues.

During a year marked by political instability and economic recession, SIC stood out with its main events coverage that has influence the lives of the Portuguese people.

At the political level, we would highlight our coverage of the year's two electoral events: the surprise parliamentary elections and the municipal elections.

In the social area, SIC's news stood out with its coverage of the affliction caused by the drought, of fires and of the most important court cases.

The death of Álvaro Cunhal deserved special coverage: as well as the funeral, at which thousands gathered under the cameras of our station, SIC showed a documentary (published also on a DVD) on the life and work of the former communist leader.

At the international level, the death of Pope John Paul II and the election of Benedict XVI were major events to which SIC devoted many hours of transmission time. Teams of reporters and cameramen covered the formers funeral rites and the subsequent papal election live at the Vatican over several days.

In 2005, SIC reporters were present at all the scenes of significance in world history: the elections in Iraq, the withdrawal from Israel of the Arab agricultural labourers, New Orleans, destroyed by the hurricane Katrina, France, ravaged by urban violence, France and the Netherlands, following the referenda on the European Constitution, and the countries that fell victim to the tsunami.

SIC was the only station that kept up its reporting of major events on a regular weekly basis. The journalistic quality of some of these reports was widely recognized:

- AMI Prize (Journalism against indifference), the Sons of Difference report by Pedro Coelho, Luíis Pinto (image), Aristides Martins (image editing), Paulo Alves (graphics);

- Gold Medal commemorating the 50th anniversary of the signature of the Universal Declaration of the Rights of Man, award by the AR to the Mothers who love too much report by Pedro Coelho, Luís Pinto (image) and Marco Carrasqueira (image editing) and Paulo Alves (graphics);
- Ana Lourenço and João Adelino Faria, the pivots of SIC received the Fernando Balsinha Prize for the Best News Presenters, awarded by Casa da Imprensa.

The daily news audiences and those of the special news broadcasts were in line with the channel average: “Primeiro Jorna”l had an average audience of 29.2% and “Jornal da Noite“ 26.5%.

As in 2004, 2005 was marked by a combination of publishing initiatives taken in partnership with Visão and with Expresso. As well as writing the reports produced by the same team for the various media, some of SIC’s correspondents and special representatives worked simultaneously with other group publications; expenses and exhibition of titles on the television newscasts were frequently shared.

Some examples of how we encouraged the multi-media spirit at IMPRESA also deserve mention: the work of the Newsplex groups, the joint publication of the DVD-ROM of 2004 in Review and the internet coverage of the two elections by SIC, Expresso and Visão.

4.3. Thematic and international channels

Revenues generated by the theme and international channels rose by 6.6% in 2005, accounting for 19.3% of SIC’s total revenues.

In the theme channel domain, 2005 was marked heavily by an upsurge in competition (including Fox, Nickelodeon, SportTV2, Lusomundo Happy among the more than 15 channels that made their debut). SIC’s thematic channels maintained their presence among the top 10 cable TV operators and accounted, on average, for 24.8% of the total audiences of the theme cable channels during 2005, slightly below the 26.2% average posted for 2004.

4.3.1. SIC Notícias

Now in its fifth year of operation, SIC Notícias held its leadership position as the most-viewed channel in the theme universe, with an average audience of 13.5%, thus demonstrating its lead on its direct competitors. It should be emphasized that this result was achieved in a year in which cable television choices increased substantially and RTPN appeared as a channel in competition with SIC Notícias.

In the total cable universe, SIC Notícias ended the year with a 3.9% audience share, thus reaffirming its position as the 4th domestic channel and maintaining the distance separating it from channel 2.

SIC Notícias continued to respond to domestic and international events; it broadened its range of programming, upholding its rationale for news coverage based on four pillars: newscasts with growing emphasis on live coverage, debate and interview programs, major domestic reports and international documentaries and an aggressive events policy.

Of great importance to a news channel was SIC Notícias’s achievement in increasing its audience numbers for the fifth year running, while boosting its average viewing time to more than 19 minutes a day: a new record.

The channel also maintained its ability to change its grid in response to major domestic and international events, thus emphasizing its vocation for public service. This was achieved on a

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tight budget and in the face of heightened competition.

4.3.2. SIC Radical

Among cable channels catering to the 15 – 24 age groups, SIC Radical was the most-viewed channel in 2005, maintaining its leadership for the 5th year running. In the cable channel universe, SIC Radical took 5th place among the most-viewed channels, with an average annual audience of 5%.

Once again, original domestic production was one of the channel's priorities: it put on five new programs, resumed coverage of the Summer Festivals and continued to unwrap promising new TV presentations.

Among the most successful foreign productions we would highlight the "Doctors and interns" series, "Space Pirates", "South Park", "Line of Fire", "Jake 2.0" and "Dragon ball Z". On the entertainment side, SIC Radical broadcast approximately 200 hours of wrestling, with ever-growing audiences.

4.3.3. SIC Mulher

SIC Mulher was in ninth place among the most-viewed cable channels with an average audience of 3.6%. Among cable channels catering to women between the ages of 15 and 44, SIC Mulher was the third most-viewed channel in 2005.

In 2005, the station's profile focused on classes A/B/C1 (72.2%), assumed feminine (64.9%) in the 15 to 44 age group (63.8% and in the greater Lisbon area (55.7%).

We increased the channel's domestic content in 2005 with "Magazine Mulher", "Querido, mudei a casa" and "Sorri.come" and new talk shows such as "6teen" and "Eles sobre Elas\Elas sobre Eles".

Among the most successful products were the "Sex and the City" series, "A Promovida", "Stark's hang-ups" and "The Lady Judge", feature films of the major US studies and the Oprah Winfrey Show and the Dr. Phil talk-shows, which made their debut on Portuguese television.

4.3.4. SIC Comédia

Of all our channels, SIC Comédia was the one that experienced the greatest difficulty in stabilizing its audiences: its share fell from 3.3% in 2004 to 2.7% in 2005.

This was the year in which SIC Comédia took its first steps towards original domestic production, with 2 titles: "O Quadrado das Bermudas" and "Os Prazeres do Diabo". Among its most successful foreign productions were the "Tonight Show with Jay Leno", "Late Night Show with Conan O'Brien", "Seinfeld", and "Benson".

4.3.5. SIC Internacional

SIC Internacional boosted its presence in all of the countries in which it was already distributed: France, Switzerland, Luxembourg, USA, Canada, Angola, Mozambique, South Africa and Brazil.

The number of subscribers to the ensemble of channels distributed by MultiChoice in Angola and Mozambique, which includes SIC Internacional and SIC Notícias, has already passed the 85,000 mark.

In Australia, SIC Internacional is now distributed by the UBI World TV satellite platform.

In Canada, we boosted our presence in Toronto and the province of Ontario, which have the largest concentration of Portuguese speakers, with the channel distributed by the Cogeco cable network (the number two Canadian cable network). Also in Ontario, we expanded the distribution of the Mountain Cable network.

Continuing our commitment to international expansion, SIC Internacional goal for 2006 is to boost distribution in territory where we are already established, particularly in Africa, and to enter new markets in South America and in Europe. We also aim to increase advertising revenues from the Angolan and Brazilian markets.

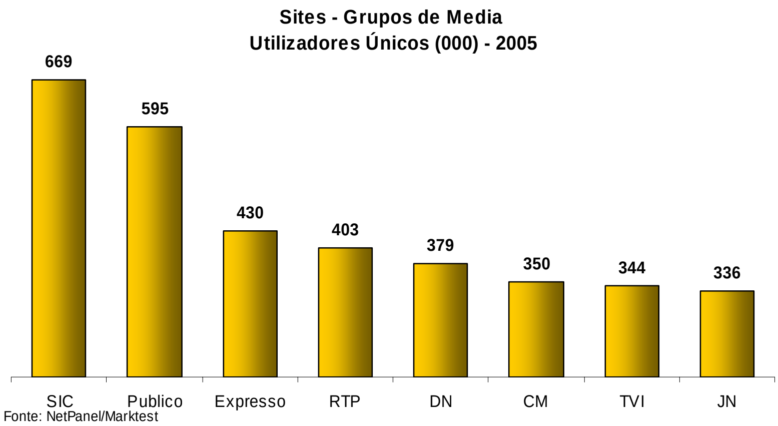
4.4. Other business areas

As before, our new business areas assumed growing importance in their contribution to SIC's total revenues, having grown 32.7% by year end 2005, to 12.5 M€. Multimedia revenues totalling 7.1 M€ made an important contribution to this growth. The following activities deserve highlighting:

4.4.1. SIC Online

In 2005, SIC took first place among Portuguese social communication groups in the online medium, having become the most-visited news site with the greatest number of users.

Among television operators, SIC's leadership was undoubted, with 669,000 visitors, giving it a wide lead on the competition. In the Portuguese news group segment, the competition was even stronger, but for all that, we were ahead of the Público site by more than 74,000 users.



Our commitment to improving content quality and interaction with users enabled us to consolidate the position we achieved in 2004. Our initiatives lent more consistency to SIC Online and its interactivity with the television channels and other platforms (Mobile and Indoor) demonstrated our determination to assert ourselves as one of the main players on the market.

4.4.2. SIC Portátil

SIC Portátil strengthened its position of leadership in the face of direct competitors, both in the number of SMS's, an indicator that serves as a reference when measuring user numbers, and in terms of diversity of content and services. Traffic for 2005 was approximately 1 million SMS's per month, against 700,000 in 2004 and 300,000 in 2003.

At 5.7 M€, revenues were up by approximately 90% on 2004; we highlight the following interactivity initiatives:

"Super Baú", a game that crosses SIC programming at the level of entertainment content that can be followed around the clock on teletext and the internet. It posted high participation levels, particularly during the soap broadcasts before and during the prime time period.

- Ring-tones of *soap's* and "Herman SIC";
- "Árvore das Patacas", a game integrated with the SIC "10 Horas" and "Às 2 por 3" programs;
- IVR games, offer of cruises to Brazil and tickets for the U2 show.

4.4.3. SIC Serviços

The good performance of SIC Serviços as compared with 2004 was reflected mainly in a 25.1% increase in revenues for services provided to third parties, some of which we highlight:

- SportTV: maintenance of the commercial relationship derived from recognition of SIC Serviços' quality standards;

- DVDs: diversification of the portfolio of services, with the production of three DVD's

- Production: commitment to a comprehensive production line for broadcast of programs, of which the following deserve mention:

    - A "Gala Oficial da SuperLiga" for SportTV
    - "Grande Prémio Histórico do Porto" for Talento
    - "Boa Mesa" show for Edimpresa

SIC Serviços plugged into the institutional market, making use of the knowledge it acquired in the audiovisual sector. Since this is one of the most attractive markets for audiovisual media, SIC Serviços made its debut with the production of advertising spots.

The quality of our services was attested by the preference shown by some international operators, particularly in our mounting of special operations for the BBC, British Telecom, ARD, RAI, VTM, SNTV, RTL, Channel 9TVV, Lucky7even Entertainment and the European Parliament.

4.4.4. SIC Indoor

SIC Indoor posted a 162% increase in revenues, obtaining a positive operating cash flow for the first time.

While updating the project, which started up early in 2005 with the signature of a contract with Fujitsu, we decided to create specific content. SIC Indoor has begun a new era of operations, with the handover of all technical maintenance to Fujitsu. We expect this will lead to an optimization of resources at all levels.

Meanwhile, we entered into agreements with the television corporate networks of Galp, Repsol and Cepsa, via DotOne and Active Media in Spain. Contracts with CityChannel (hospitals) and Capital IT (Holmes Place) to which we have been supplying content for some months are in the process of preparation.

In 2006, we plan to continue building up our presence by opening new Sonae shopping centers at Seixal, Covilhã and the Azores. This will strengthen SIC Indoor's position as a supplier of corporate TV, and as an important operator in the content sales area.

4.4.5. Other Areas

Our other areas showed good growth, except in the sale of content, this due to the loss of contracts with TAP and CP. Offsetting this, merchandising revenues increased by 16%, helped by CD sales and the successful launch of the "Gato Fedorento" series at year end 2004. For

2006, we look forward to continuing this business line with the new DVD of the “Gato Fedorento” series and the commercial success of the “Crime do Padre Amaro” film.

4.5. Key operating numbers

Despite the rapid growth of the new business areas, operating costs remained under tight control. In 2005, total TV operating costs stood at 127.5 M€, up 3.1% on 2004. However, without restructuring charges, total costs would have declined by 0.1%.

Restructuring charges totalled 4.3 M€, stemming mainly from employment contracts that were rescinded. At year end 2005, SIC head count was at 618, against 627 at year end 2004.

Personnel expense continued under tight control, declining by 6.5% from its 2004 level.

The programming of SIC’s 6 channels accounted for the largest portion of operating costs, which rose by only 0.8% in 2005, to approximately 72 M€.

Other expenses increased by 5.3%, due mainly to increases in revenues from other, normally lower-margin, areas. At the same time, transmission costs were down approximately 8.5% on 2004.

The downward trend in advertising revenues, together with restructuring charges, had the effect of shrinking EBITDA margins, and reducing that measure in absolute terms. In 2005, EBITDA fell by 14.5%, to 34.5 M€, which represented a margin of 21.3%. Without restructuring charges, this decline would have been only 4.6%, and margin would have been 23.9%. It should be noted that for the first time there was a positive contribution from all businesses in the SIC universe.

During the reporting year, SIC made a substantial improvement on its balance sheet. Interest-bearing debt fell from 19.4 M€ to 11 M€, while still leaving funds available for a dividend and our acquisition of the World Cup rights. We continued to use programs in inventory all through the year; these stood at 26.8 M€ at year end.

Two years after returning to profit, SIC earned a profit before taxes of 26.4 M€, down 7.8% on 2004. However, without restructuring charges, the profit before taxes would have been 30.7 M€, which would represent 7.3% gain versus 2004.

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5. Newspapers

Table 3. Key newspaper figures

	Dec-05	Dec-04 (IAS)	ch %	4th Qt 05	4th Qt 04 (IAS)	ch %
Total Revenues	**60.974.889**	**56.523.084**	**7,9%**	**17.240.005**	**16.838.754**	**2,4%**
Advertising	38.083.478	36.173.685	5,3%	11.565.786	10.829.245	6,8%
Publications	15.299.385	15.451.693	-1,0%	3.339.963	3.636.722	-8,2%
Others	7.592.026	4.897.706	55,0%	2.334.256	2.372.787	-1,6%
EBITDA (recurrent)	**13.499.485**	**12.778.161**	**5,6%**	**4.595.712**	**3.948.108**	**16,4%**
EBITDA	**12.999.346**	**12.179.358**	**6,7%**	**4.257.501**	**3.933.911**	**8,2%**
EBITDA (%)	**21,3%**	**21,5%**		**24,7%**	**23,4%**	
Profits before taxes	11.041.996	9.515.780	16,0%	3.909.055	3.538.490	10,5%

Total revenues from this area grew by 7.9%, to 60,9 M€. The good 4th quarter performance should be noted, when total revenues were up 2.4% on the same period in 2004.

Advertising revenues increased by 5.3%, accounting for 62.4% of total revenues. In the 4th quarter, these revenues grew by 6.8% on a like-for-like basis. Most publications posted growth in advertising revenues, with the exception of Blitz and Jornal da Região. Expresso continued to acccount for the lion's share of advertising revenues, with growth of 4%, together with the contribution of SurfPortugal (+14.0%) and AutoSport)+8.0%) and the recently launched Courrier Internacional.

Circulation sales were down 1% with declines posted by Expresso and Blitz, which were not offset by gains from AutoSport and SurfPortugal or the launch in April of Courrier Internacional. AutoSport went through a thoroughgoing revamp at the start of the year, which generated a 20% increase in sales. Publication sales accounted for 24.9% of total revenues.

At the same time, our commitment to associated products continued to be highly successful. These revenues now account for 12.3% of total revenues, having grown by 55.0% in 2005, after a 50.6% growth in 2004. Our success in the selling of some products distributed mainly with Expresso and AutoSport made a strong contribution to this growth, such as the following:

- 20 Great Composers Collection
- The collection of Cervantes's Don Quixote de La Mancha, in 10 volumes and illustrated by Júlio Pomar
- Collection of 12 books and CD's of the Fables of La Fontaine, for children
- The "Boa Mesa e Boa Cama" guide for 2005;

- The Expresso Yearbook for 2005;
- Collection of the Michel Vailant comic strip in 15 volumes with AutoSport;
- Collection of 5 Jeremy Clarkson DVD's, with AutoSport.

2005 saw important growth in the internet area. New content included Expresso Africa, and simultaneously with the relaunch of the newspaper, the AutoSport site went through a complete overhaul.

In the classified sections, after the success of www.expressoemprego.pt, the site dedicated to help-wanted ads, we launched, in June, the site devoted to real estate. The result of a partnership with Multivector, the www.expressoimobilário.pt site is the domain of the most important trade portal devoted to real estate in Portugal. In the 4th quarter, we launched the AutoSport classifieds in the newspaper and on the www.classificados.autosport.pt site. We plan new developments in this area in2006.

We completed the restructuring of Impresa Jornais, a sub-holding company, which crowned the process of concentration in the newspaper domain; it will be managed in a fully integrated way. This integration will enable us to boost the development of various publications, in both printed and internet versions, and will increase the profitability of this segment.

5.1. Sojornal – Expresso

Expresso posted revenues of 52,6 M€, a 7.3% increase over 2004.

Advertising revenues grew by 4%, with emphasis on the classified areas, specifically the Emprego (employment) and Espaço & Casas (space and homes) supplements, which increased by 10.5%. We would also highlight the approximate 50% growth posted by the internet area.

Circulation losses continued, now for the third year in a row: this year by approximately 4%. Expresso sales were approximately 126,000 copies.

In audience terms, according to the Bareme Imprensa report, there was a 7.9% rise in the 3rd interval, against 7.6% in the 1st interval.

In conclusion, it is satisfying to note the trend in revenues from the various new publications mentioned, which accounted for some 10% of total sales. In 2005, 50 publications were put out; some of these went into more than one edition.

2005 saw the overhaul of the paper's editorial desk, the prelude to a thoroughgoing revamp of the printing and editorial side, which will be completed by year end 2006.

Sojornal, the publisher of Expresso earned a pre-tax profit of 11,9 M€, 40% more than in 2004.

5.2. Publiregiões – Jornal da Região

Jornal da Região posted revenues of 2.1 M€, down 5.5% on 2004. Part of this decline was accounted for by the closure of some editions in 2004, which meant that fewer weekly editions were published in 2005.

The free newspaper market in 2005 saw increased competition, with the launch of two new products: Metro and Destak, as well as those already published for the food distribution chains.

To face this increase in competition, we relaunched the newspaper with a revamp of its editorial and graphics content, introducing new sections and new, more media-minded staff, and launching a advertising campaign at the end of September.

Jornal da Região is published in 6 regions (Lisbon, Oeiras, Cascais, Sintra, Amadora and Almada) and has a total weekly print run of approximately 210,000 copies.

Operating and pre-tax earnings were set back by the relaunch campaign. Hence, pre-tax losses widened from 282,000 euros in 2004, to 345,000 euros at year end 2005.

5.3 Medipress: – AutoSport and Blitz

Following Controljornal's acquisition of Mediger, the latter, which owns Autosport, was absorbed by Medipress, the owner of Blitz.

In terms of sales, 2005 results attributable to the two Medipress titles were mixed:

- The thoroughgoing overhaul of Autosport in January 2005 was a resounding success, resulting in a 22% rise in total revenues, to 1.95 M€, and a 20.1% increase in the number of copies sold. Advertising revenues were up 8% and sales of alternate marketing products rose tenfold. Near year end, we implemented our multi-platform strategy for classifieds through the AutoSport site (www.classificados.autosport.pt) and the eponymous section in the newspaper.
- Blitz suffered a 20% decline in total revenues, to 0.9 M€, reflecting a drop in paid circulation, in advertising revenues, and above all, in sales of associated products. At year end we took the first steps towards a revamp of its editing desk, which culminated in the relaunch of the newspaper planned for April of this year.

Medipress posted pre-tax earnings of 278,000 euros, well above 2004. The increase in sales of Autosport and the rationalizing of costs achieved through merger-generated synergies contributed to this growth in earnings, thus reversing the downward trend that had persisted up to 2004.

5.4. Publisurf: SurfPortugal

Surf performed well in this segment, with total revenues up 18%, to 345,000 euros. Advertising revenues increased by approximately 14%, accompanied by a 10% rise in news-stand sales.

Among the factors contributing to this good performance we would highlight the free offer of products that boosted circulation sales, the launch of two editions of Snowmotion magazine for winter sports and the distribution of that magazine in Brazil. SurfPortugal earned 19,200 euros before taxes.

5.5. Interjornal: – Courrier Internacional

Through our agreement with the Le Monde group, owner of Courrier International, we became licensees of this important landmark in world journalism, and launched the Portuguese edition of that title.

Operations commenced during April; revenues, covering only the 8 months to December totalled 672,000 euros, corresponding to average sales of 5,900 copies for each edition. We can highlight the gradual increase in subscriptions, which totalled 1,200 by year end. Advertising sales totalled 214,000 euros.

Due mainly to the expense of the pre-launch campaign, this newspaper posted a pre-tax loss of 900,000 euros for the year.

5.6. Imprejornal

Although Imprejornal has captured the loyalty of most of is subscribers as well as some new ones of modest size, the stagnation of the market hit the company's business hard, this reflected in a fall in revenues and earnings from their 2004 level.

Its billings were down 7.5% on 2004, to 4 M€; EBITDA was down 20%, to 918,000 euros.

The reporting year saw little capital expenditure, with the emphasis placed on containing non-essential costs, based on tight control of the company's requirements.

It paid off a bank loan, in the amount of 4.75 M€, leaving its balance sheet clear of any bank borrowings.

In 2005, IMPRESA entered into a contract with Mirandela, a printing company, under which the latter will acquire a 100% equity stake in Imprejornal. This contract requires Mirandela to invest in new equipment in order to increase its color-printing capacity, thus enabling us to publish the main supplements of Expresso entirely in four-color offset format. We expect this transaction to be completed in the second half of 2006.

5.7. Trend in operating costs

Operating expenses increased by 8.7% in 2005. This was due mainly to a 55% increase in alternative product sales, the start-up of Courrier and its launching costs, and the re-launch of Jornal da Região. Personnel expense, our main overhead, was down by 1.8% in 2005. We incurred restructuring charges totalling 0.5 M€, as a result of redundancies, mainly at Expresso.

The trend in costs and revenues was reflected in an EBITDA margin of 21.3% in 2005, or 12.9 M€ an improvement of 4.9% on 2004. Without restructuring charges, the EBITDA would have been 13.4 M€.

Pre-tax earnings stood at 11 M€ by the end of 2005, up 13.3% on 2004 figures.

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6. Magazines

Table 4. Key Magazine figures

	Dec-05	Dec-04 (IAS)	ch %	4th Qt 05	4th Qt 04 (IAS)	ch %
Total Revenues	**40.907.599**	**38.775.878**	**5,5%**	**10.035.573**	**10.917.321**	**-8,1%**
Advertising	16.315.191	15.889.048	2,7%	4.876.539	4.761.072	2,4%
Publications	19.936.121	19.918.851	0,1%	4.259.704	4.788.928	-11,1%
Others	4.656.287	2.967.979	56,9%	899.331	1.367.322	-34,2%
EBITDA Adjusted (1)	**4.546.597**	**3.916.026**	**16,1%**	**1.853.272**	**1.437.116**	**29,0%**
EBITDA	**4.147.923**	**4.154.926**	**-0,2%**	**1.454.598**	**1.467.985**	**-0,9%**
EBITDA (%)	**10,1%**	**10,7%**		**14,5%**	**13,4%**	
Profits before taxes	3.160.360	2.615.800	20,8%	1.257.683	1.154.416	8,9%

Note: The amounts in the above table include 50% of those posted by EDIMPRESA, and reflect IMPRESA's equity holding. (1) Amounts adjusted for restructuring charges and the change in the contractual arrangements for the S.Francisco Sales Building.

Edimpresa, which is held as to 50% by IMPRESA, is the group vehicle for the magazine area and publishes some 40 magazines, including its own and those of third parties.

The market served by Edimpresa continued to be quite competitive, as new publications continued to be launched and promotional activities were intensified through free offers and sales of alternative marketing products in nearly all magazine segments.

Edimpresa's sales rose by 5.5% in 2005, to 40.9 M€. This growth was driven by strong ad-on product sales, with advertising revenues and publication sales showing modest increases. During the 4th quarter, total revenues fell by 8.1%, due mainly to reduced number of ad-on product promotions, and lower magazine sales that were not offset by the increases in advertising revenues during the period.

Publication sales were the largest single source of revenue, accounting for 48.6% of total revenues. In 2005, publication sales grew by a bare 0.1%. Growth under this heading slowed down following the discontinuation of some publications during 2004 and 2005, specifically of "Doze" and "Executive Digest", but this was offset by new launches in 2005.

Our top maqazines performed unevenly. We would highlight the gains in circulation achieved by Exame, Casa Claudia and Caras Decoração, Cosmopolitan, Turbo and Jornal de Letras. On the other hand, there were modest circulation losses among Activa, Caras, Exame Informática, Telenovelas, TV Mais and Visão. The sharpest declines were seen at Super Interessante, Auto Guia, and in the childrens' magazine segment: the latter experienced a 20% decline in circulation.

Edimpresa's strategy is to continue to focus its efforts on building up its subscription base: this was up 11% on 2005. Counting all Edimpresa's publications together, its subscriber base is the largest in Portugal. We can highlight the contributions of FHM and Rotas do Mundo, two new publications, the 20% increase in the subscriber base of Exame business magazine, and that of Visão, which passed the 42,000 subscriber mark at year end, making it the magazine with the largest subscriber base in Portugal.

Despite this adverse environment, Edimpresa improved its earnings and consolidated its market share in all the main segments, as can be seen from the following chart.

Table 5. Market shares in the main segments

		Market Share	
Segments	**Publications**	**Jan-Sept 2005**	**Jan-Sept 2004**
Automóveis	Turbo	36,5%	32,4%
Negócios	Exame	40,2%	26,4%
Decoração	Casa Cláudia	18,5%	17,0%
Decoração	Caras Decoração	22,1%	21,5%
News magazine	Visão	32,5%	35,8%
Mensais femininas	Activa	20,4%	21,8%
Semanais femininas	Telenovelas	24,3%	22,3%
Sociedade	Caras	25,1%	23,0%
Informática	Ex. Informática	46,0%	45,2%
Masculinas	FHM	26,1%	--

Source: APCT

In the context of our strategy of launching new publications, 2005 was particularly active, with new launches, specifically:

- “Brinca e Aprende” children’s magazine in February
- FHM, a magazine for men, in March. This was a highly successful launch, Edimpresa’s biggest in recent years, as FHM battled for leadership in this segment from its very first issue and ended the year at 10th place in terms of Edimpresa total revenues.
- “Rotas do Mundo”, a travel magazine, in April. This proved popular, enjoying a rapid build-up of its subscriber base.
- “Ideias – Casa Cláudia”, in June. This was a new approach to the decorator market in a quarterly magazine.
- At the level of initiatives for the promotion of social cohesion, we would highlight our launch of the monthly edition of “Visão Braille” an edition of Visão for the blind.

Advertising revenues accounted for no more than 40% of Edimpresa's 2005 revenues and grew by 2.7% in a difficult environment, with 2.4% growth in the Q4.

One area that posted strong growth in 2005 was the ad-on products, with many new collections generating growth of 56.9% from 2004 and accounting for nearly 12% of the revenues of that business unit. In Q4, alternative product revenues fell by 34.2%, due mainly to a slowdown in new initiatives during that quarter. The main launches in 2005 were as follows:

- Fátima Lopes – Copos de Cristal collection
- Visão "Todos os Fados" collection
- "Famous Painters" Visão book collection
- Bracelets TV Mais collection
- Rotas do Mundo - Travelling books collection
- Caras summer products

Operating expenses exceeded their 2004 level by 6.2%, accounted for mainly by the strong upsurge in ad-on products sales and associated campaigns, and the cost of launching 4 new publications. Restructuring charges increased, to 199,000 euros, roughly twice the 2004 level. At the same time, personnel expense remained under control, increasing no more than 1%.

The substantial increase in the weighting of ad-on products, together with the cost of new launches, slowed down EBITDA growth. Our sale of the S. Francisco de Sales building to Office Share will have affected the comparability, with the financial lease being replaced by a rent, and thus affecting the EBITDA comparison. The impact on EBITDA was 448,000 euros, but with no impact on segmental or consolidated earnings. In 2005, EBITDA stood at 4.1 M€, representing a margin of 10.1%, and adjusted for the building transfer would have risen by 16.1% to 4.55 M€.

At the same time, earnings before taxes for fiscal 2005 grew by 20.8%, to 3.1 M€.

Edimpresa will continue to place special emphasis on the launch of new publications in 2006, and will enter segments in which it has not had a presence up to now, or which show above-average potential.

7. Other Equity Holdings

In addition to the above-mentioned segments, the IMPRESA group consolidates some of its investments by the equity method, specifically Vasp and Lusa, and other share-services group companies, such as Office-Share.

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7.1. VASP

In 2005, Vasp, in which IMPRESA has a 33.33% equity stake, completed its second year of operations after its merger with Deltapress. It posted total revenues of 262.5 M€, down 3% on 2004. Its EBITDA was 2.9 M€.

In consequence, VASP posted net earnings of 1.1 M€, as compared with 1.3 M€ in 2004.

7.2. LUSA

Lusa, in which IMPRESA holds a 22.35% equity stake, continued to make a profit, thanks to its on-going restructuring program over the past 2 years. It earned a net profit of 1.8 M€ for fiscal 2005.

7.3. Office-Share

2005 was Office-Share's second full year in business. Formed in 2003, this company is held as to 50% by IMPRESA, in partnership with Edipress. It is a service shared unit between the newspaper and magazine segments. Office-Share has now consolidated its finance, IT, human resources and purchasing departments and has a staff of 60.

2005 was marked by various organizational changes and the implementation of a number of projects that will have a positive impact in the medium term. Some of the most important of these were as follows:

- Implementation of the ERP/Oracle project, which started up in February, 2006.
- Implementation of the access and security system in the building.
- Centralized purchasing of IT equipment for newspapers and magazines.
- Supply of financial services to the new Interjornal company, publisher of Courrier International, and to FHM and Rotas do Mundo, the new magazines of Edimpresa.
- Support to the development of the magazines' publishing systems.
- Implementation of platforms for on-line payments.

In 2006, we plan start to consolidate and harmonize the accounting processes, based on a common IT platform for magazine and newspaper customers, while putting the concept of the paperless office into practice. The implementation of these processes will provide gains in productivity and synergies over the coming years.

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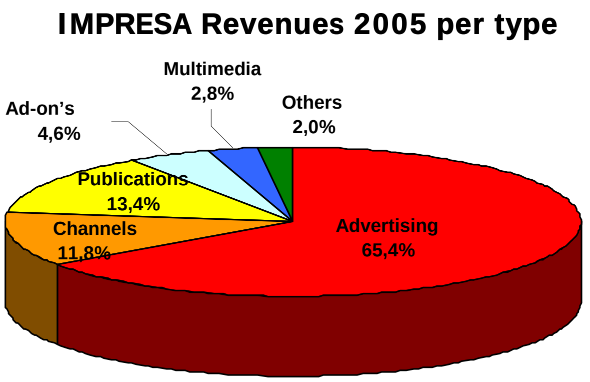
8. Review of Consolidated Accounts

IMPRESA presents both consolidated and accounts by segments for 2005, in accordance with IFRS. For the purpose of comparison, pro-forma 2004 accounts are shown, adjusted to comply with the new accounting rules.

IMPRESA posted consolidated revenues of 261.2 M€, up 1.9% on 2004. This increase was due above all to strong growth in other revenues, the fruit of the diversification policy we have followed in recent years. The main trends were as follows:



- Advertising revenues declined by 1.8%
- Publication sales were slightly down, by 0.4%
- Revenues generated by the thematic channels rose by 6.6%
- Ad-on product sales increased by 55.7%
- Revenues from the multimedia area increased by 45.0%
- Other revenues were up 17.9%.

IMPRESA total operating expenses rose by 4.2%. However excluding restructuring charges, the increase in costs would have been only 2.3%. In the 4th quarter, operating expenses fell by 3.9% on a like-for-like basis, based on adjusted figures. The trend in costs stems from the rapid growth in ad-on products and from other non-recurring expenses such as those incurred with the launch of new publications, which had the heaviest impact in Q1. Personnel expense fell by 1.5% in 2005, despite the restructuring charges.

IMPRESA booked restructuring charges of 5 M€, as against 1 M€ in 2004. Most of these charges, approximately 4.3 M€, were posted by SIC following reorganization in the programming area. For the newspapers, these charges totalled 0.5 M€, with the magazines area accounting for just 0.2 M€.

Consolidated EBITDA for 2005 stood at 49.2 M€; without restructuring charges, this would have been approximately 54.2 M€, 3.4% more than adjusted EBITDA for 2004. The adjusted EBITDA margin was 20.8%, very close to that for 2004.

Operating earnings (EBIT) stood at 40.4 M€, which without restructuring charges would have been 45.3 M€, bringing it up 6.3% on 2004's adjusted earnings. The adjusted operating margin was 17.3%.

After obtaining the necessary approvals, IMPRESA completed the acquisition of the 49% of SIC that we did not already own, an investment of 152.5 M€, funded entirely by a medium and long-term line of credit. Since the start of this year, SIC has been 100% consolidated.

Our buyout of SIC's minority interests called for an increase of in net interest-bearing, from 92.2 M€ posted at year end 2004, to 244.7 M€ at the start of 2005. At year end 2005, net debt stood at 214.3 M€, down 30.4 M€ during the reporting year. IMPRESA could have reduced debt still further but for the cost of World Cup 2006 rights acquisition in December of 2005. Nevertheless, the debt reduction reflects the high level of free cash flow generated by the IMPRESA Group's companies.

Table 5. IMPRESA: Consolidated Income Statement 2005

	Dec-05 (IAS)	Dec-04	ch	4th Qt 2005 IAS	4th Qt 2004 IAS	ch
Total revenues	**261.253.625**	**256.264.888**	**1,9%**	**69.607.897**	**71.917.504**	**-3,2%**
Television	162.026.595	163.974.403	**-1.24%**	43.540.508	44.738.974	**-2.7%**
Newspapers	60.974.889	56.523.084	**7,9%**	17.240.005	16.838.754	**2,4%**
Magazines	40.907.599	38.775.878	**5,5%**	10.035.573	10.917.321	**-8,1%**
Inter-segments	-2.655.459	-3.008.477	**11.7%**	-1.208.189	-577.545	**-109.2%**
Cash costs	**212.036.243**	**203.470.509**	**4,2%**	**53.473.677**	**54.351.461**	**-1,6%**
Reestructuring Costs	**5.022.245**	**1.043.082**	**381,5%**	**1.306.965**	**56.770**	**2202,2%**
Cash costs (recurrent)	**207.013.998**	**202.427.427**	**2,3%**	**52.166.712**	**54.294.692**	**-3,9%**
Total EBITDA (recurrent)	**54.239.626**	**53.837.461**	**0,7%**	**17.441.186**	**17.622.812**	**-1,0%**
EBITDA Margin	**20,8%**	**21,0%**		**25,1%**	**24,5%**	
Total EBITDA	**49.217.381**	**52.794.379**	**-6,8%**	**16.134.221**	**17.566.043**	**-8,2%**
EBITDA Margin	**18,8%**	**20,6%**		**23,2%**	**24,4%**	
Television	34.483.534	40.121.277	**-14.1%**	10.867.016	13.365.048	**-18.7%**
Newspapers	12.999.346	12.397.379	**4.9%**	4.257.501	4.151.932	**2.5%**
Magazines	4.147.923	4.154.926	**-0.2%**	1.454.598	1.467.985	**-0.9%**
Holding Adjustements	-2.413.422	-3.879.203	**37.8%**	-445.660	-1.418.922	**68.6%**
Depreciation	8.819.104	11.188.109	**-21,2%**	2.112.371	2.240.338	**-5,7%**
EBIT	**40.398.277**	**41.606.270**	**-2,9%**	**14.021.850**	**15.325.705**	**-8,5%**
EBIT Margin	**15,5%**	**16,2%**		**20,1%**	**21,3%**	
Financial Results (-)	9.524.183	5.724.499	**66,4%**	2.609.014	970.817	**168,7%**
Res. bef. Taxes & Minorities	**30.874.094**	**35.881.771**	**-14,0%**	**11.412.836**	**14.354.888**	**-20,5%**
Income Tax (-)	7.235.834	7.508.639	**-3,6%**	2.634.359	3.338.642	**-21,1%**
Minorities (-)	1.630.630	11.043.469	**-85,2%**	559.699	4.271.791	**-86,9%**
Net Profit (recurrent)	25.852.832	18.154.469	**42,4%**	9.224.063	6.788.021	**35,9%**
Net profit	**22.007.629**	**17.329.663**	**27,0%**	**8.218.776**	**6.744.455**	**21,9%**

The net financial costs increased by 66.4% compared with 2004, to 9.5 M€, due to higher interest payments resulting from debt taken on to fund our buyout of SIC's minority interests, reduced gains on foreign exchange, and weaker contributions from associated companies. The associated companies, specifically VASP and Lusa, still make positive contributions to our results, with 0.76 M€ for 2005, against 1 M€ for 2004.

The year of 2005, was also market by an increase in capital expenditure, which in 2004 stood at 4.5 M€. In 2005, the investments reached 8.1 M€, with the start of SIC 3 year investment digitalisation plan, which will allow to handle all its tv contents in a digital format by the end of 2007. These investments will sustain productivity gains and will allow contents to be share across all platforms available.

On the publishing side, through our cost share unit – Office Share, started the investment in our new ERP, which entered live in February 2006.

Despite the increase in its net debt called for by our buyout of SIC's minority interests, an improved rate of profitability enabled us to raise the shareholders' equity, thus enabling us to achieve a debt/equity ratio of 30.3% as of year end 2005. Also, operating cash flow now covers net debt approximately by 4.3 times.

During a difficult year, in which our TV businesses lost market share, along with heavy restructuring charges, IMPRESA posted record earnings of 22 M€, a solid 27% increase over 2004, as measured by IAS 2004. Moreover, without restructuring charges, net earnings would have increased by 43%, to 25.9 M€.

9. Human Resources

Our workforce, standing at 1,443 in 2005, was slightly lower than in 2004, with a modest fall in the number of women employed; these accounted for 43% of our workforce. The average age of our employees was 43.

We continued to promote the exchange of information between the human resources departments of IMPRESA group companies, a practice begun in 2004, particularly at the training level, in the interest of harmonizing strategies and procedures, and standardizing employment policy within the group.

The 2005 training plan for group companies was prepared on the basis of a survey of all the companies' needs and it set targets in terms of areas for training, hours of training and the number of courses.

Table 6. Training: Comparative chart 2004 vs 2005

	2004	**2005**
Hours of training	15.055	26.546
Numbers trained	301	539

The various training programs resulted in more than 26,000 hours of training, covering more than 500 persons: a 70% increase over 2004.

Several specific training and development programs started up during the year, including the following:

- A new manifestation of the Newsplex training project in multimedia and convergence of resources and content, in the form of a joint initiative between Edimpresa, SIC and IMPRESA Jornais. This involved an important program during 2005, with courses at the University of South Carolina, USA, accompanied by internal courses in multimedia.

- As well as the Newsplex program, we would mention the start of the Adplexing training program, in which staff from the various sales departments of the group took part.

- Also in the editing area, the Editing Desk of the Future project continued, attended by staff of all group companies. This course is aimed at improving the managerial abilities of editors, bearing in mind the new challenges faced by media companies.

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Four of our reporters and two cameramen participated in a training course for reporters in an environment of conflict, offered and organized by the Small Arms School of the Portuguese Marine Corps, in which they trained for a week amid risk simulations. Reporters from SIC, Expresso and Visão participated in this course.

- Launch of the second group in the management training course for young people of high potential. This was attended by staff under the age of 35 from several areas, for which we have organized specific courses for developing talent and new skills.

- The Managing for Shareholder Value course, at Emedes/INSEAD, addressed to executive directors, general managers, and senior managers of the operating companies, with the aim of consolidating and updating their knowledge of management.

The following chart presents a profile of the IMPRESA group workforce as of December 31, 2005.

Table 7. Human Resources in 2005

	Television	Magazines	Newspapers	Other	Total
	2005	**2005**	**2005**	**2005**	**2005**
Number of workers	**618**	**453**	**305**	**67**	**1.443**
Male	367	244	181	43	835
Female	251	209	124	24	608
Age group (years)	**36**	**38**	**43**	**43**	**38**
Education					
Higher	343	213	126	19	701
Secondary	174	194	114	37	519
Other	101	46	65	11	223
Persons involved in specific courses for the development of talent	**14**	**10**	**12**	**5**	**41**
Managing for Shareholder Value	**8**	**5**	**7**	**4**	24
Editors of the Future	2	2	3	0	7
Young people of high potential	4	3	2	1	10

Also in the human resources area, we extended our new system of performance evaluation to a greater number of workers, adapted to each occupational category, and with assessment criteria established by the management of each company. We also began to implement a program of temporary exchanges of reporters among the various organs of communication of the group, combined with basic training in television for reporters in the press area.

After the launch of I-Net in 2004, the group's intranet was consolidated in 2005 with the launch of a second version. I-Net is an intranet designed for the convergence of all news and events of interest, including agreements and benefits established for the group, internal standards and procedures, the organization chart, forms relative to holidays and absences, calendars and training reports and the general telephone directory.

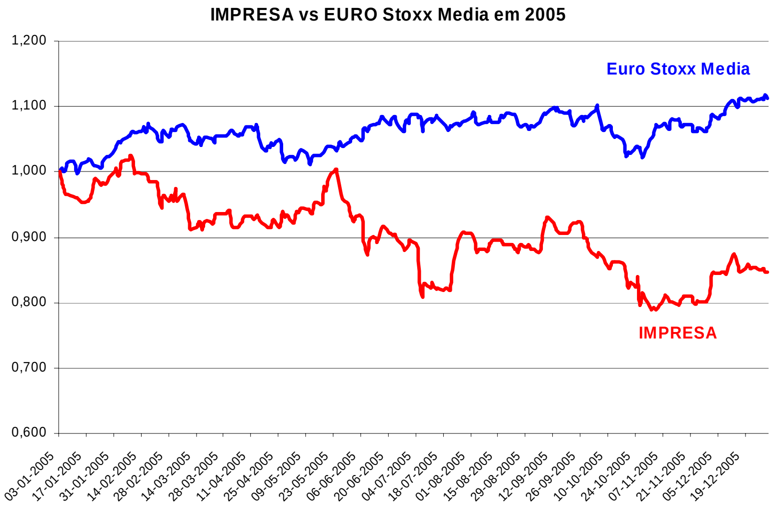
For the first time, the IMPRESA Group participated, through SIC and Sojornal, in the preparation of a study of the working environment, in partnership with "Great Place to Work".

10. IMPRESA's Stock market performance

In 2005, the capital markets posted gains for the third year running. The PSI 20, the main index of the Portuguese stock exchange, gained 10.6%, after having risen by 12.6% in 2004.

The European media sector continued its upswing of previous years, with the DJ EuroStoxx Media up 12.5% in 2005, but this was left behind by DJ EluroStoxx, the main European index, which gained 20.7% during the same period.

Due to muted expectations of growth in its various businesses, the IMPRESA share price remained in negative territory over most of the reporting year. It suffered a 13.8% decline, which, however, by no means negates its 182% recovery over the past three years.



The continuing buoyancy of the stock market also had repercussions on the share's market liquidity. Daily trading volume was an average of 187,000 shares, against 154,000 in 2004 (+21.5%). This increase in volume made for a daily average of nearly 1 M€, up 51% on the 2004 average.

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11. Prospects for 2006

Our strategy for 2006 will be to maintain high rates of growth in revenues and earnings. The following are our goals for 2006:

- Growth in consolidated revenues through:
    - Increased advertising revenue
    - Increase in revenues from publications, mainly through the launch of new publications.
    - Continuing diversification of revenues, mainly in the multimedia area.
- Growth in EBITDA and net earnings.

IMPRESA
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B) INDIVIDUAL ACCOUNTS

1. Review of Individual Accounts

The individual accounts were prepared on the basis of accounting principles generally accepted in Portugal (Official Plan of Accounts), as they were in 2004.

Our net profit for the year was 3,363,936 €, down 45.8% on 2004.

This decline resulted mainly from lower financial income, due to consolidation by the equity method of income from IMPRESA's equity holdings, which was not offset by a 30% reduction in financial charges. During fiscal 2005, bank borrowings were reduced by approximately 8.8 M€.

2. Proposed application of earnings

We propose that the net profit of 3,363,936 euros be applied as follows:

• To Legal Reserve	168.197 euros
• To Retained Earnings	3.195.739 euros

C) ACKNOWLEDGMENTS

The Board of Directors expresses its thanks to the workers and to the Sole Auditor for their collaboration during the past financial year.

The Board of Directors also wishes to express its appreciation to our banks, namely Caixa Geral de Depósitos, Caixa Banco de Investimento, Banco BPI, Banco Espírito Santo, Banco Espírito Santo Investimento, Banco Santander Totta and Millennium BCP, for their collaboration.

Lisbon, March 9th, 2006

The Board of Directors

Francisco José Pereira Pinto Balsemão

Luiz Fernando Teuscher de Almeida e Vasconcellos

Alexandre de Azeredo Vaz Pinto

Francisco Maria Supico Pinto Balsemão

Miguel Luís Kolback da Veiga

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2005 AND 2004

(Amounts stated in Euros)

(Translation of balance sheets originally issued in Portuguese - Note 39)

ASSETS	Notes	2005	2004
NON-CURRENT ASSETS:			
Goodwill	18	287.583.101	153.825.122
Other intangible assets	18	555.871	733.493
Tangible assets	19	33.825.246	35.047.098
Investments in associated companies	20	3.688.743	3.034.293
Investment property	21	11.042.577	11.447.236
Broadcasting rights and TV programs	22	18.672.899	19.042.218
Inventories	22	2.102.911	1.328.007
Deferred tax assets	16	6.600.720	11.908.393
Total non-current assets		364.072.068	236.365.860
CURRENT ASSETS:			
Broadcasting rights and TV programs	22	19.521.427	18.189.701
Inventories	22	4.380.295	3.119.437
Customer and accounts receivable	23	38.158.166	42.344.947
Other current assets	24	3.682.564	6.129.400
Cash and cash equivalents	25	20.485.213	20.895.753
Total current assets		86.227.665	90.679.238
TOTAL ASSETS		450.299.733	327.045.098

EQUITY AND LIABILITIES	Notes	2005	2004
EQUITY:			
Share capital	26	84.000.000	84.000.000
Share premium	26	97.902.257	97.902.257
Legal reserve	26	591.589	281.051
Accumulated losses and other reserves	26	(70.827.151)	(87.846.276)
Profit for the year		22.007.629	17.329.663
Equity attributable to the shareholders of the parent company		133.674.324	111.666.695
Equity attributable to minority interest	27	3.461.196	23.928.032
Total equity		137.135.520	135.594.727
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	28	215.724.941	95.095.495
Suppliers and accounts payable	29	8.794.102	8.347.700
Provisions	31	4.209.067	3.618.035
		228.728.110	107.061.230
CURRENT LIABILITIES:			
Bank loans	28	19.053.550	17.417.248
Suppliers and accounts payable	29	31.716.274	28.605.698
Other current liabilities	30	33.666.279	38.366.195
		84.436.103	84.389.141
Total liabilities		313.164.213	191.450.371
TOTAL EQUITY AND LIABILITIES		450.299.733	327.045.098

The accompanying notes form an integral part of the consolidated balance sheet as of 31 December 2005.

THE BOOKKEEPER

THE BOARD OF DIRECTORS

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts stated in Euros)

(Translation of profit and loss statements originally issued in Portuguese - Note 39)

	Notes	2005	2004
OPERATING REVENUE			
Sales	9 and 10	45.176.350	40.617.651
Services rendered	9and 10	214.164.196	212.810.126
Other operating revenue	9 and 11	1.913.079	2.837.111
Total operating revenue		261.253.625	256.264.888
OPERATING EXPENSES			
Cost of merchandises sold and rights and TV Programs broadcasted	14	(87.639.067)	(83.749.343)
Supplies and services		(61.269.822)	(55.854.860)
Payroll	13	(59.211.279)	(60.159.746)
Amortisation and depreciation	18 and 19	(8.819.104)	(11.188.109)
Provisions and impairment losses		(1.568.021)	(759.659)
Other operating expenses	11	(2.348.055)	(2.946.902)
Total operating expenses		(220.855.348)	(214.658.619)
Operating profit		40.398.277	41.606.269
FINANCIAL EXPENSES			
Finance costs, net	15	(10.770.575)	(7.819.579)
Gains of associated companies	15	639.797	1.355.642
Other financial income	15	606.594	739.439
		(9.524.184)	(5.724.498)
Profit before tax		30.874.093	35.881.771
Income tax expense	16	(7.235.834)	(7.508.639)
Consolidated profit for the year		23.638.259	28.373.132
Attributable to:			
Shareholders of the parent company		22.007.629	17.329.663
Minority interest	27	1.630.630	11.043.469
Earnings per share:			
Basic	17	0,2620	0,2063
Diluted	17	0,2634	0,2063

The accompanying notes form an integral part of the consolidated income statement for the year ended 31 December 2005.

THE BOOKKEEPER

THE BOARD OF DIRECTORS

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts stated in Euros)

(Translation of a statement of changes in equity originally issued in Portuguese - Note 39)

	Equity attributable to shareholders of the parent company					Equity attributable to minority interest	Total equity
	Share capital	Share premium	Reserves	Accumulated losses	Total		
Balance at 1 January 2004	84.000.000	97.902.257	281.051	(86.530.366)	95.652.942	15.699.543	111.352.485
Effect of adoption of IFRS at 1 January 2004 (Note 37)	-	-	-	(1.315.702)	(1.315.702)	(1.075.455)	(2.391.157)
Restated balance at 1 January 2004	84.000.000	97.902.257	281.051	(87.846.068)	94.337.240	14.624.088	108.961.328
Consolidated profit for the year	-	-	-	17.329.663	17.329.663	11.043.469	28.373.132
Changes in the consolidation perimeter	-	-	-	(208)	(208)	(1.739.525)	(1.739.733)
Balance at 31 December 2004	84.000.000	97.902.257	281.051	(70.516.613)	111.666.695	23.928.032	135.594.727
Appropriation of the consolidated profit for the year (Note 25)	-	-	310.538	(310.538)	-	-	-
Consolidated profit for the year	-	-	-	22.007.629	22.007.629	1.630.630	23.638.259
Acquisition of the minority interest of SIC	-	-	-	-	-	(18.752.612)	(18.752.612)
Reduction of the share capital of SIC Notícias	-	-	-	-	-	(2.400.000)	(2.400.000)
Other	-	-	-	-	-	(944.854)	(944.854)
Balance at 31 December 2005	84.000.000	97.902.257	591.589	(48.819.522)	133.674.324	3.461.196	137.135.520

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2005.

THE BOOKKEEPER

THE BOARD OF DIRECTORS

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts stated in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 39)

		2005						
Television	Notes	Television	Newspapers	Magazines	Other	Total	Eliminations	Total consolidated
OPERATING ACTIVITIES								
Cash receipts from customers		167.529.124	62.561.525	41.129.148	3.178.385	274.398.182	(9.858.176)	264.540.006
Cash paid to suppliers		(95.305.355)	(31.729.094)	(28.328.908)	(1.892.810)	(157.256.167)	6.842.904	(150.413.263)
Cash paid to employees		(31.700.007)	(19.154.000)	(9.455.489)	(2.944.616)	(63.254.112)	-	(63.254.112)
Cash generated from operations		40.523.762	11.678.431	3.344.751	(1.659.041)	53.887.903	(3.015.272)	50.872.631
Payments relating to income taxes		(572.022)	(159.128)	(893.874)	(23.096)	(1.648.120)	-	(1.648.120)
Other cash received/(paid) relating to operating activities		(3.880.039)	(637.119)	(269.499)	(417.920)	(5.204.577)	3.015.272	(2.189.305)
Net cash from operating activities (1)		36.071.701	10.882.184	2.181.378	(2.100.057)	47.035.206	-	47.035.206
INVESTING ACTIVITIES								
Cash received relating to:								
Proceeds on disposal of tangible assets		80.547	9.430	32.883	-	122.860	-	122.860
Interest and other similar income		470.609	38.065	27.149	1.181	537.004	-	537.004
Dividends		-	-	-	15.624.907	15.624.907	(15.624.907)	-
Suplementary capital contributions		-	5.750.000	-	20.132.552	25.882.552	(25.882.552)	-
Loans conceded to group companies		-	50.000	-	-	50.000	(50.000)	-
Financial investments		-	49.900	-	-	49.900	(49.900)	-
		551.156	5.897.395	60.032	35.758.640	42.267.223	(41.607.359)	659.864
Cash paid relating to:								
Acquisition of investments	8	-	-	-	(152.999.900)	(152.999.900)	499.900	(152.500.000)
Acquisition of tangible assets		(1.056.956)	(453.324)	(424.890)	(179.713)	(2.114.883)	-	(2.114.883)
Acquisition of intangible assets		(54.023)	-	(37.575)	-	(91.598)	-	(91.598)
Loans conceded to group companies		-	-	-	(500.000)	(500.000)	500.000	-
Suplementary capital contributions		(17.900.000)	(5.900.000)	-	(15.515.000)	(39.315.000)	39.315.000	-
Net cash used in investing activities (2)		(19.010.979)	(6.353.324)	(462.465)	(169.194.613)	(195.021.381)	40.314.900	(154.706.481)
		(18.459.823)	(455.929)	(402.433)	(133.435.973)	(152.754.158)	(1.292.459)	(154.046.617)
FINANCING ACTIVITIES								
Cash received relating to:								
Bank loans	28	25.495.589	-	709.144	167.706.000	193.910.733	-	193.910.733
Loans obtained from group companies		-	-	-	32.025.000	32.025.000	(32.025.000)	-
Interests and other similar expenses		-	-	-	-	-	-	-
Supplementary capital		-	500.000	-	7.740.000	8.240.000	(8.240.000)	-
		25.495.589	500.000	709.144	207.471.000	234.175.733	(40.265.000)	193.910.733
Cash payments relating to:								
Bank loans		(30.797.429)	(6.550.000)	(1.925.000)	(31.375.424)	(70.647.853)	-	(70.647.853)
Loans obtained from goup companies		-	-	-	(25.882.552)	(25.882.552)	25.882.552	-
Lease rentals		(1.402.857)	-	(31.710)	(315.569)	(1.750.136)	-	(1.750.136)
Interests and other similar expenses		(1.242.856)	(507.383)	(605.116)	(9.088.722)	(11.444.077)	-	(11.444.077)
Supplementary capital		-	(50.000)	(72.000)	(25.000)	(147.000)	50.000	(97.000)
Reduction of the share capital - SIC Notícias	27	(2.400.000)	-	-	-	(2.400.000)	-	(2.400.000)
Dividends		(4.213.693)	(5.578.356)	-	(6.740.000)	(16.532.049)	15.624.907	(907.142)
		(40.056.835)	(12.685.739)	(2.633.826)	(73.427.267)	(128.803.667)	41.557.459	(87.246.208)
Net cash used in financing activities (3)		(14.561.246)	(12.185.739)	(1.924.682)	134.043.733	105.372.066	1.292.459	106.664.525
Net decrease in cash and cash equivalents (4) = (1) + (2) + (3)		3.050.632	(1.759.484)	(145.737)	(1.492.297)	(346.886)	-	(346.886)
Changes in consolidation perimeter		-	(100.194)	-	34.332	(65.862)	-	(65.862)
Cash and cash equivalents at the begining of the year	25	13.856.055	4.854.573	441.568	1.741.185	20.893.381	-	20.893.381
Cash and cash equivalents at the end of the year	25	16.906.687	2.994.895	295.831	283.220	20.480.633	-	20.480.633

		2004						
	Notes	Television	Newspapers	Magazines	Other	Total	Eliminations	Total consolidated
OPERATING ACTIVITIES								
Cash receipts from customers		161.367.685	57.121.146	38.645.233	1.618.051	258.752.115	(7.742.849)	251.009.266
Cash paid to suppliers		(93.817.638)	(26.868.958)	(26.565.281)	(960.997)	(148.212.874)	8.686.857	(139.526.017)
Cash paid to employees		(27.918.009)	(18.445.894)	(9.253.472)	(4.204.241)	(59.821.616)	-	(59.821.616)
Cash generated from operations		39.632.038	11.806.294	2.826.480	(3.547.187)	50.717.625	944.008	51.661.633
Payments relating to income taxes		(244.581)	(148.258)	(672.536)	(10.871)	(1.076.246)	-	(1.076.246)
Other cash received/(paid) relating to operating activities		49.295	1.062.803	318.822	308.656	1.739.576	(944.008)	795.568
Net cash from operating activities (1)		39.436.752	12.720.839	2.472.766	(3.249.402)	51.380.955	-	51.380.955
INVESTING ACTIVITIES								
Cash received relating to:								
Proceeds on disposal of tangible assets		11.209.232	97.160	-	-	11.306.392	-	11.306.392
Proceeds on disposal of intangible assets		35.120	-	-	-	35.120	-	35.120
Interest and other similar income		238.257	45.692	-	172	284.121	-	284.121
Dividends		-	-	-	10.998.496	10.998.496	(10.998.496)	-
Loans conceded to group companies		-	-	-	415.000	415.000	(415.000)	-
Financial investments		-	-	-	260.000	260.000	(260.000)	-
		11.482.609	142.852	-	11.673.668	23.299.129	(11.673.496)	11.625.633
Cash paid relating to:								
Acquisition of investments		(76.502)	-	(2.495)	(912.816)	(991.813)	260.000	(731.813)
Acquisition of tangible assets		(2.283.766)	(924.769)	(538.901)	(350.400)	(4.097.836)	-	(4.097.836)
Acquisition of intangible assets		(12.305)	-	(20.423)	-	(32.728)	-	(32.728)
Suplementary capital contributions		-	-	-	(462.000)	(462.000)	462.000	-
Loans conceded to group companies		-	-	-	(40.000)	(40.000)	40.000	-
Net cash used in investing activities (2)		(2.372.573)	(924.769)	(561.819)	(1.765.216)	(5.624.377)	762.000	(4.862.377)
		9.110.036	(781.917)	(561.819)	9.908.452	17.674.752	(10.911.496)	6.763.256
FINANCING ACTIVITIES								
Cash received relating to:								
Bank loans		-	-	225.000	20.000.000	20.225.000	-	20.225.000
Loans obtained from group companies		-	-	-	18.940.000	18.940.000	(18.940.000)	-
Interests and other similar expenses		-	-	-	-	-	-	-
Supplementary capital		-	630.000	-	-	630.000	(462.000)	168.000
		-	630.000	225.000	38.940.000	39.795.000	(19.402.000)	20.393.000
Cash payments relating to:								
Bank loans		(33.427.703)	(1.167.999)	(1.850.000)	(19.148.550)	(55.594.252)	-	(55.594.252)
Loans obtained from group companies		-	-	-	(19.315.000)	(19.315.000)	19.315.000	-
Lease rentals		(2.566.127)	-	(300.900)	-	(2.867.027)	-	(2.867.027)
Interests and other similar expenses		(2.522.038)	(1.068.971)	(1.226.540)	(2.668.728)	(7.486.277)	-	(7.486.277)
Supplementary capital		-	(8.215.141)	-	(2.783.355)	(10.998.496)	10.998.496	-
Dividends		(38.515.868)	(10.452.111)	(3.377.440)	(43.915.633)	(96.261.052)	30.313.496	(65.947.556)
Net cash used in financing activities (3)		(38.515.868)	(9.822.111)	(3.152.440)	(4.975.633)	(56.466.052)	10.911.496	(45.554.556)
Net decrease in cash and cash equivalents (4) = (1) + (2) + (3)		10.030.920	2.116.811	(1.241.493)	1.683.417	12.589.655	-	12.589.655
Changes in consolidation perimeter		-	103.505	(1.683.061)	(3.268)	(1.582.824)	-	(1.582.824)
Cash and cash equivalents at the begining of the year		3.825.135	2.634.257	3.366.122	61.036	9.886.550	-	9.886.550
Cash and cash equivalents at the end of the year	25	13.856.055	4.854.573	441.568	1.741.185	20.893.381	-	20.893.381

The accompanying notes form an integral part of the cash flow statements for the year ended 31 December 2005.

THE BOOKKEEPER

THE BOARD OF DIRECTORS

INTRODUCTION

Impresa – Sociedade Gestora de Participações Sociais, S.A. ("Impresa") has its head-office in Lisbon, in Rua Ribeiros Sanches, 65, was incorporated on 18 October 1990, as a holding company.

Group Impresa ("the Group") is formed by Impresa and its subsidiaries (Note 4). The Group operates in the media industry, namely in television broadcasting, publishing and distribution of newspapers and magazines and other media activities.

The financial statements were approved by the Board of Directors and authorized for issuance on 9 March 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for presentation

The financial statements have been prepared on going concern basis, based on the accounting records of the companies included in the consolidation (Notes 4 and 5), prepared in accordance with the accounting regulations in force in Portugal (Official Chart of Accounts – *Plano Oficial de Contabilidade* and Accounting Directives – *Directrizes Contabilísticas* issued by *Comissão de Normalização Contabilística*), adjusted to comply with International Financial Reporting Standards effective for the years beginning on 1 January 2005. In this regards, it should be understood that those rules include International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and related interpretations – SIC and IFRIC, issued by the Standing Interpretation Committee and by the International Financial Reporting Interpretation Committee ("IFRIC"), altogether designated by IFRS.

Impresa adopted IFRS for the first time in 2005; consequently, in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards ("IFRS 1"), transition date from Portuguese generally accepted accounting principles to IFRS rules is defined as 1 January 2004.

The consolidated financial statements as of 31 December 2004, presented for comparative purposes, have also been prepared in accordance with IFRS, considering the dispositions of IFRS 1 regarding the determination of the conversion adjustments at 1 January 2004 (transition date). The disclosures required by IFRS 1 related to the conversion from Portuguese accounting principles into IFRS are presented in Note 37. As required by IFRS 1, the effect of the adjustments related to the adaptation of IFRS, reported at 1 January 2004, were recorded directly in the shareholders' equity, as established in IFRS 1.

2.2 Basis of consolidation

a) Controlled companies

Investments in companies where the Group has, either directly or indirectly, the majority of the voting rights in the General Shareholder's meeting or has the power to govern their financial and operating policies have been included in these consolidated financial statements by the global method of integration. Shareholder's equity and profit and loss of these companies related to the participation of third parties are presented separately in the consolidated balance sheet and profit and loss statement, under the caption "Minority interest". Companies included in the consolidated financials statements are included in Note 4.

Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group, except to the extent that the minority has a binding obligation to cover the losses. If the subsidiary subsequently presents profits, the Group recognizes all of that profit until it has recovered the minority portion of the losses previously recognized.

Assets and liabilities of subsidiaries are measured by their respective fair value at acquisition date. Any excess from the acquisition cost over the fair value of identifiable net assets is recorded as goodwill. In the cases where acquisition cost is lower than the fair value of the identifiable net assets, the difference is recognised as income in the profit and loss statement for the year of the acquisition. Minority interest on controlled companies are presented by the respective proportion of the fair value of identified assets and liabilities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation. Capital gains resulting from the sale of participated companies within the Group are also eliminated in consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

b) <u>Jointly controlled companies</u>

Companies where the Group shares the control over the financial and operating policies have been included in the consolidated financial statements by the proportional method. When the Company owns 50% of the subsidiaries capital and the control of management is equitable shared with the other partner, those subsidiaries have been included in the consolidated financial statement by the proportional method. In accordance with this method, assets, liabilities, income and expenses have been included in the consolidated financial statements, caption by caption, in the proportion of control held by the Group.

Intra-group transactions, balances and dividends are eliminated in the proportion of control attributable to the Group.

The classification of financial investments as jointly controlled companies is determined based on the effective control over the participated company, namely measured by the number of board of directors members appointed by the Company and by the influence in the management of the participated company.

Jointly controlled companies are detailed in Note 5.

c) <u>Investments in associated companies</u>

An associated company is an entity over which the Group has significant influence, but does not have control or joint control over the decisions related to the operational and financial policies.

Investments in associated companies (Note 6) are recorded under the equity method of accounting, except when the investment is classified as held for sale. Investments in associated companies are initially recorded at acquisition cost, which is subsequently increased or decreased by the difference between that cost and the proportion of those companies equity, reported at acquisition date or at the first date of application of the equity method.

Under the equity method, investments are periodically adjusted by an amount corresponding to the Group's share in the results of the associated companies, recorded under "Gains and losses on associated companies" (Note 15), and to the share of the Group's in other variations in shareholders equity of the associated companies, recorded under accumulated losses and reserves, as well as impairment losses.

The Group ceases applying the equity method of accounting when the investment in the associated company is reduced to zero, and a liability is recognized only if the Group has legal or constructive obligation towards the associated company or its creditors, or if it has made payments in favour of the associated company. If afterwards the associated company presents profits, the Group only restarts applying the equity method once its share of those profits equals the part of unrecognized losses.

The Group performs an impairment analysis over these investments on an annual basis, and whenever there are signs that the asset may be impaired, an impairment loss is recorded in the profit and loss statement. When impairment losses previously recognized ceases to exist, they are reversed up to the limit of the impairment loss recognized.

Any excess from the acquisition cost over the fair value of identifiable net assets is recorded as goodwill. In the cases where acquisition cost is lower than the fair value of the identifiable net assets, the difference is recognised as income in the profit and loss statement for the year of the acquisition.

In addition, dividends received from these companies are recorded as a reduction of financial investments.

Unrealized gains in transactions with associated companies are eliminated proportionally to the interest of the Group in the associated company, and diminished from the investment therein. Unrealized losses are also eliminated, up to the extent that the loss does not show that the transferred asset is impaired.

d) Investment in other companies

Investments in other companies, which represent investments of less than 20%, for which there are no market value, are recorded at acquisition cost or at their estimated realisable value, if lower.

2.3 Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the acquisition date. In the cases where acquisition cost is lower than the fair value of the identifiable net assets, the difference is recognised as income in the profit and loss statement for the year of the acquisition.

Pursuant the exception of IFRS 1, the Group did not apply retrospectively the provisions of IFRS 3 to acquisitions occurred prior to 1 January 2004. Goodwill related to acquisitions occurred prior to the transition into IFRS (1 January 2004), was maintained by the net book value presented in accordance with generally accepted accounting principles in Portugal, adjusted by the effect of intangible assets not accepted for IFRS purposes, and subject to impairment testing, the impact of such adjustments being recorded under accumulated losses, as required by IFRS 1.

Goodwill is recorded as an asset and is not amortized, being presented separately in the balance sheet. Goodwill is tested for impairment annually, or whenever there are indications of an eventual loss. Any impairment loss is immediately recorded under costs in the profit and loss statement, and can not be subsequently reversed (Note 18).

On disposal of a subsidiary, an associated company or jointly controlled company, the attributable amount of goodwill is included in the determination of the profit or loss of the disposal.

b) Intangible assets, except goodwill

Intangible assets, which include software (except for software related to fixed assets), trademarks and titles, licenses and other rights, are recorded at acquisition cost, deducted from any accumulated amortisation or impairment losses, when applicable. Intangible assets are only recognized when it is probable that it will generate future economic benefits, it is controlled by the Company and can be reliably measured.

Internally generated intangible assets, namely research and development expenses, are recorded in the profit and loss statement when they occur.

Internal costs related to maintenance and development of software are recognised in the profit and loss statement when they occur, except if those development costs are directly related to projects with future expected economic benefits for the Group. In such situation, these costs are capitalized under intangible assets.

Intangible assets are amortised, from the moment the assets are available for usage, on a straight-line basis over their estimated useful lives (from three to six years).

2.4 Tangible assets

Fixed assets acquired up to 31 December 2003 are recorded at deemed cost, which corresponds to the acquisition cost, or acquisition cost revalued based on price indexes in accordance with tax legislation in force, deducted by the corresponding accumulated depreciation.

Fixed assets acquired after that date are stated at acquisition or production cost, deducted by accumulated depreciation and impairment losses. Acquisition cost is defined as the purchase price, plus any related expenses and estimated dismantling expenses, including asset removal and onsite re-qualification.

Pursuant the exception in IFRS 1, revaluations recorded prior to transition date were maintained, that amount being designated as deemed cost for IFRS purposes.

Estimated losses related with replacement of equipments before the end of their useful life, due to technological obsolescence, are recognized as a deduction from the corresponding assets, in profit and loss for the year.

Current maintenance and repair expenses are recorded as a cost of the year, when incurred. Costs of significant amount, incurred with improvements of tangible assets, are capitalized and amortised during the estimated recovery period of those investments, when it is probable that future economic benefits associated to the asset will be generated and that those can be reliably valued.

Tangible assets in progress are carried at cost, less any recognised impairment losses. Depreciation of these assets begins when the assets are ready for their intended use.

Tangible assets are depreciated from the moment they are available for their intended use. Depreciation is computed over acquisition cost, deducted by any estimated residual value (if relevant), on a straight line basis, from the month where the asset becomes available for usage, in accordance with the assets estimated useful lives, which is defined considering their expected utility:

	Years
Buildings and other constructions	10 – 50
Machinery and equipment	4 – 24
Transportation equipment	3 – 6
Tools and dies	3 – 8
Administrative equipment	3 – 10
Other tangible fixed assets	4 – 8

2.5 Financial and operational leases

Leases are classified as (i) finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee and (ii) operational leases if the lease does not transfer substantially all the risks and rewards of ownership to the lessee.

Leases are classified as finance or operational in accordance with the substance of the contracts instead of its legal form.

Assets held under finance leases, as well as the corresponding liabilities, are recorded under the financial method. Under this method, the cost of the assets are recorded as tangible assets, at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets are depreciated in accordance with their estimated useful lives, rents are recorded as a reduction of the liability, and interest and depreciation are recognized as costs in the profit and loss statement for the period they relate.

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the term of the relevant lease.

2.6 Investment properties

Investment properties comprise essentially land and buildings held for renting, for capital appreciation or both, and not for use in production or administrative purposes.

Investment properties are initially measured at cost, including transaction costs. The Group decided to measure investment properties at acquisition cost.

Maintenance and repair, insurance and tax expenses are recorded as a cost of the year, when incurred, as well as the income that is associated with the property.

2.7 Non-current assets held for sale

Non-current assets held for sale (or discontinued operations and related assets and liabilities) disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. Non-current assets (or discontinued operations) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when: (i) the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition; (ii) management is committed to the sale; and (iii) the transaction is expected to qualify for recognition as a completed sale within one year from the date of classification.

2.8 Financial instruments

2.8.1 Trade and other receivables

Trade receivables and other accounts receivable are recorded at their nominal value, deducted by eventual impairment losses, so that they reflect their net realisable value.

2.8.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments, maturing in less than three months, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents also comprise overdrafts, included under the caption "Bank loans" in the balance sheet.

2.8.3 Short-term investments

Short-term investments consist of short-term treasury applications and marketable securities and are accounted for at the lower of acquisition cost or market value, under the caption "Other current assets" (Note 24).

2.8.4 Trade payables and other current liabilities

Trade payables are recognized at nominal value and do not bear interest.

2.8.5 Bank loans

Bank loans and overdrafts are initially measured at fair value, net of expenses related to the issuance of those loans and incurred transaction costs, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of the loans is recognised over their term using the effective interest rate method.

Loans with maturity inferior than twelve months are classified as current liabilities, unless the Group has the unconditional right of deferring the settlement of the loan for more than twelve months, after the balance sheet date.

2.8.6 Other financial instruments

Derivative financial instruments are used with the objective of hedging the financial risks affecting the Group, which result from variations in interest and exchange rates.

Consequently, the Group does not use derivative instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors.

Derivatives are measured at fair value. The recognition method depends on the nature and objectives of each derivative.

Hedge accounting

The possibility of considering a derivative financial instrument as a hedge instrument complies with the provisions of IAS 39, namely as far as its documentation and effectiveness is concerned.

The variations in the fair value of derivative instruments designated as "fair-value" hedging, as well as the variations in the fair value of the asset or liability subject to that risk are recognized under the caption financial results.

The variations in the fair value of derivative instruments designated as "cash-flow" hedging are recorded under reserves, as far as its effective component is concerned, and in financial results for the non-effective component. The amounts recorded under "Other reserves" are transferred to "Financial results" in the period the hedged item also affects the results.

Hedge accounting is discontinued when the hedging instrument reaches maturity, it is sold or exercised, or when the hedging relationship ceases complying with IAS 39 requirements.

Negotiation instruments

The variations in fair value of the derivative financial instruments that, although contracted with the objective of hedging risks in accordance with the Group's risk management policies, do not comply with all the hedge accounting provisions of IAS 39, are charged to the profit and loss statement in the period they occur.

2.9 Inventories, Broadcasting rights and TV programs

Inventories are recorded at the lower of production cost (or acquisition cost, if applicable) or net realizable value. Weighted average cost is used as costing method.

The Group records under the Caption "Broadcasting rights and TV programs" the advances made to the acquisition of TV programs and the rights acquired from third parties to broadcast programs, from the date those rights come into force, provided that the following conditions are met:

- The cost of the rights are known and can be reasonably determined;
- The rights have been accepted by the Company in accordance with contractual terms and conditions; and
- The rights are available for broadcasting without restrictions.

Broadcasting rights and TV programs correspond essentially to contracts or agreements with third parties for the exhibition of movies, series and other TV programs, which include acquired rights and expenses incurred with the production of programs. Cost of programs broadcasted is recognised in profit or loss statements at the time those programs are exhibited, considering the estimated number of broadcastings and the estimated benefits of each broadcasting.

In Note 34.2, the financial future commitments for the acquisition of TV programs are disclosed.

Impairment losses (Notes 22 and 31) are recorded whenever the carrying value is higher than the recoverable amount.

2.10 Provisions and contingent liabilities and assets

Provisions are recognised when, and only when, the Group has a present obligation resulting from a past event, whose resolution will probable require to expend an amount that can be reasonably estimated.

Provisions for restructuring are only recognized if a detail and formal plan exists, identifying its main characteristics, and if the plan has been communicated to the involved entities.

The amount of the provision is reviewed and adjusted at each balance sheet reporting date, reflecting the best estimate at that time.

When any of the above mentioned conditions is not met, the provision is not recorded and a contingent liability is disclosed (Note 33), unless a future cash outflow is remote. In this case, no disclosure is necessary.

Contingent assets resulting from past events, whose existence depends upon the occurrence of one or more future uncertain events which are not completely under the Group control, are not recorded, although a disclosure is made in the notes to financial statements.

2.11 Pension responsibilities

Some of the Group's companies granted certain employees and Board Members that receive remuneration, hired up to 5 July 1993, pension complements in accordance with the entitlements and benefits of the existing pension plan. The pension complements consist in a certain percentage, increasing with the number of years of the employee within the Company, applied to the wage table, or a fixed percentage applied to the base salary in force in 2002.

Responsibilities for paying pensions are recorded in accordance with the provisions of IAS 19, which establishes the obligation to recognize the costs with such benefits during the years the employees are providing services to the company.

Accordingly, at the end of each accounting period the Group obtains an actuarial study made by an independent entity, in order to determine its responsibilities at that date and the cost to be recognised in the period. The responsibilities thus estimated, are compared with the value of the pension fund in order to determine the amount of contributions or to record as a liability. The costs with pensions are recorded under the caption "Payroll expenses", as determined in the accounting rule referred to above, in accordance with the amounts determined by the actuarial study.

The Group did not elect to apply the exemption mentioned in IFRS 1. Consequently, the Group did not adopt the corridor approach, using a faster recognition criterion, which consists of immediately recognizing all actuarial gains and losses in the profit and loss statement.

2.12 Income taxes

Income tax is recorded in accordance with the provisions of IAS 12 – Income tax. The measurement of income tax for the year includes, not only current tax, computed based on pre-tax results adjusted by the applicable tax legislation, but also the effects resulting from timing differences between pre-tax results and taxable profit, generated in the year or resulting from previous years, as well as the effect of tax losses carried forward prevailing at the balance sheet date.

As required by that standard, deferred tax assets are only recognized when there are reasonable expectations of enough future fiscal profits to use them, or when there are deferred tax liabilities whose reversal is expected to match the reversal of deferred tax assets. At year end an analysis of deferred tax assets is performed, and they are reduced whenever its future usage ceases being probable.

2.13 Subsidies for fixed assets

Investment subsidies granted by public entities are recognized at fair value, when there is a reasonable guarantee that they will be received and the Group will comply with the conditions required for their concession.

Non refundable subsidies granted to the Group companies to finance the acquisition of fixed assets are recorded as deferred income and recognized in the profit and loss statement, proportionally to the depreciation of the subsidised fixed assets.

2.14 Revenue recognition and accrual basis

Income from sales relates mainly to the sale of newspapers, magazines, CDs and complementary press products, and is recognised in the consolidated profit and loss statement when goods are delivered, all risks and rewards of ownership are transferred to the customer and the corresponding income may be reasonably quantified. Sales are recognized net of taxes, discounts and other inherent costs to their concretization, at the fair value of the amount received or to be received.

The revenues associated to magazines subscriptions are deferred throughout the subscription period.

Income from services rendered (essentially advertising in newspapers, magazines and television, and income from newspaper printing) are recognised when the advertising is inserted or broadcasted, or when the printing service is performed. Services rendered are recognized net of taxes, discounts and other inherent costs to their concretization, at the fair value of the amount received or to be received.

Income	Classification	Timing of recognition
Sale of newspapers	Sales	Period where the newspapers are on sale
Sale of magazines	Sales	Period where the newspapers are on sale
Sale of CD's, books and other publications	Sales	Period where the goods are on sale
Braodcasting of advertisements	Services rendered	Period when advertisement is broadcasted
Publication of advertisements	Services rendered	Period when the advertisement is published
Printing of newspapers	Services rendered	Period when the newspaper is printed

Interest and financial income are recognized on an accrual basis, and in accordance with the applicable effective tax rate.

Income and expenses are recorded in the period to which they relate, independently of when they are received or paid. Costs and income whose real amount is unknown at the balance sheet date, are estimated, based on returns estimates.

2.15 Impairment of non-current assets, excluding goodwill

The Group performs an impairment analysis annually or whenever it identifies any event or change in circumstances that may indicate that the assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful life are subject to annual impairment tests and whenever there are indications that the assets may be impaired.

Whenever the carrying amount of the asset exceeds its recoverable amount, the Group recognizes an impairment loss, under the caption “Other operating costs” in the profit and loss statement.

Recoverable amount is the higher of net selling price (selling amount deducted by costs to sell) and value of use. Net selling price is the amount that could be obtained from the sale of the asset in one transaction between independent entities, deducted by the costs directly attributable to the transaction. Value of use is the present value of the future estimated cash-flows 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, whenever this is not possible, for the cash-generating unit to which the asset belongs.

The reversal of impairment losses recognized in previous years is recorded when there are indications that those impairment losses no longer exist or have decreased. The reversal of an impairment loss is recognised immediately in profit or loss, in the caption “Other operating revenues”. Reversals of impairment losses are recorded until the limit of the amount that would have been recognized had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

Impairment losses related to goodwill are not reversed.

2.16 Foreign currency transactions and balances

Assets and liabilities expressed in foreign currencies are translated to Euros at the exchange rates prevailing as of the balance sheet date, published by Banco de Portugal, except for the situations where there are exchange rates fixing contracts, in which cases the rate used is the rate defined in those contracts (Note 2.8). Exchange gains and losses arising from differences between the historical exchange rates and those prevailing at the date of collection, payment or at the date of the balance sheet are recorded in the statement of profit and loss.

2.17 Balance sheet classification

Assets realizable and liabilities payable in less than one year from the balance sheet date, or that are expected to be realized in the normal course of the Company’s operations, or that are held with the intention of transaction in less than one year are classified as current assets and liabilities in the consolidated balance sheet.

(Amounts stated in Euros)

2.18 Subsequent events

Events occurred after the balance sheet date that provide additional information on the conditions prevailing at the balance sheet date are reflected in the consolidated financial statements.

Events occurred after the balance sheet date that provide additional information on conditions occurred after the balance sheet date are disclosed in the notes to the financial statements, if material.

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

As a result of uncertainties inherent to the activity, the amounts estimated are based on the last reliable information available. The revision of an estimate of a previous period is not considered an error. Changes in estimates are recognized prospectively in results and are disclosed if their impact is materially relevant.

Whenever the Group identifies material errors regarding previous years, in accordance with IFRS, the comparative information included in the financial statements for the period where the error was identified are corrected retrospectively.

4. COMPANIES INCLUDED IN CONSOLIDATION

The companies included in consolidation, their head offices and the proportion of capital effectively held by the Company at 31 December 2005 and 2004 are as follows:

Companies	Location	Main activity	Effective participation 31/12/2005	Effective participation 31/12/2004
Impresa - Sociedade Gestora de Participações Sociais, S.A. (parent company)	Lisboa	Holding company	Parent	Parent
Controljornal - Sociedade Gestora de Participações Sociais, S.A. ("Controljornal")	Lisboa	Holding company	100.00%	100.00%
Imprejornal - Sociedade de Impressão, S.A. ("Imprejornal")	Lisboa	Printing	100.00%	100.00%
Interjornal - Sociedade Jornalística e Editorial, Lda. ("Interjornal")	Lisboa	Newspaper publishing	100.00%	100.00%
Media Zoom - Serviços Técnicos e Produção Multimédia, Lda. ("Media Zoom", formerly know as Cinforma)	Lisboa	Multimedia production	100.00%	100.00%
Medipress - Sociedade Jornalística e Editorial, Lda. ("Medipress")	Lisboa	Newspaper publishing	100.00%	100.00%
SIC - Sociedade Independente de Comunicação, S.A. ("SIC")	Carnaxide	Television broadcasting - open sign	100.00%	51.00%
SIC - Novos Projectos e Serviços Técnicos em Telecomunicações e Multimédia, Sociedade Unipessoal, Lda. ("SIC Serviços")	Carnaxide	Rendering services	100.00%	51.00%
SIC Online - Comunicação e Internet, Sociedade Unipessoal, Lda. ("SIC Online")	Carnaxide	Rendering services	100.00%	51.00%
Soincom - Sociedade Gestora de Participações Sociais, S.A. ("Soincom")	Lisboa	Holding company	100.00%	100.00%
Sojornal - Sociedade Jornalística e Editorial, S.A. ("Sojornal")	Lisboa	Newspaper publishing	100.00%	100.00%
Solo - Investimentos em Comunicação, SGPS, S.A. ("Solo")	Lisboa	Holding company	100.00%	-
Publisurf - Edições e Publicidade, Lda. ("Publisurf")	Lisboa	Newspaper publishing	99.00%	99.00%
Gesco - Gestão de Conteúdos e Meios de Comunicação Social, S.A. ("Gesco")	Lisboa	Contents management	75.00%	75.00%
SIC INDOOR – Gestão de Suportes Publicitários, S.A. ("SIC Indoor")	Carnaxide	Television: closed circuit	65.00%	33.15%
Lisboa TV - Informação e Multimédia, S.A. ("SIC Notícias")	Carnaxide	Cable television	60.00%	30.60%
Publiregiões - Sociedade Jornalística e Editorial, Lda. ("Publiregiões")	Lisboa	Newspaper publishing	60.00%	60.00%
SIC Filmes, Lda. ("SIC Filmes")	Carnaxide	Films production	51.00%	25.50%

These subsidiaries were included in the consolidation by the global method of integration.

5. COMPANIES INCLUDED IN THE CONSOLIDATION BY THE PROPORTIONAL METHOD

The companies included in the consolidation by the proportional method, their head offices and the proportion of capital effectively held by the Company as of 31 December 2005 and 2004 are as follows:

Companies	Location	Main activity	Effective participation 31/12/2005	Effective participation 31/12/2004
Edimpresa - Editora, Lda. ("Edimpresa") and subsidiaries:	Oeiras	Magazines publishing	50.00%	50.00%
Edimpresa.com - Internet e Multimédia, Unipessoal, Lda. ("Edimpresa.com")	Oeiras	Internet contents	50.00%	50.00%
Hearst Edimpresa - Editora de Publicações, S.A. ("Hearst Edimpresa")	Oeiras	Magazines publishing	25.00%	25.00%
Comfutebol - Edições Desportivas, Lda. ("Comfutebol")	Lisboa	Magazines publishing	25.00%	25.00%
Office Share - Gestão de Imóveis e Serviços, Lda. ("Office Share")	Oeiras	Real estate management and services	50.00%	50.00%

These subsidiaries were included in the consolidation by the proportional consolidation method, as the control of management is equitable shared with the other partner. The values of their assets, liabilities, income and costs are stated in Note 9.

(Amounts stated in Euros)

6. ASSOCIATED COMPANIES

Investments in associated companies are recorded under the equity method. The proportion of capital effectively held in associated companies at 31 December 2005 and 2004 are as follows:

	Effective participation	
Associated companies	31/12/2005	31/12/2004
Global S 24 – Sociedade Gestora de Participações Sociais, S.A. (a)	50.00%	25.50%
Vasp – Distribuidora de Publicações, Lda. ("Vasp") (b)	33.33%	33.33%
Lusa – Agência de Notícias de Portugal, S.A. ("Lusa") (c)	22.35%	22.35%

(a) Owned by SIC Online.

(b) Owned by Impresa.

(c) Owned by Controljornal.

7. OTHER COMPANIES

Financial investments in other companies, and the proportion of capital effectively held in other companies by the Group at 31 December 2005 and 2004 are as follows:

	Effective participation	
Affiliated Companies	31/12/2005	31/12/2004
PTDP – Plataforma de Televisão Digital Portuguesa, S.A. ("PTDP") (a)	10.00%	5.10%
NP - Notícias de Portugal, C.R.L. ("NP") (b)	8.93%	6.70%
Morena Films, Lda. ("Morena Films") (a) (c)	4.73%	2.41%
Sociedade Gestora de Televisión, Net TV, S.A. ("Net TV") (a) (c)	5.10%	2.61%

These investments are recorded at acquisition cost or estimated realizable value, if lower.

(a) Investments held directly by SIC.

(b) Investment held directly by Sojornal, SIC and Edimpresa.

(c) Investment held for sale.

8. CHANGES IN THE CONSOLIDATION PERIMETER

The changes in the consolidation perimeter in the year ended 31 December 2005 resulted essentially from the acquisition of 49% of the capital of SIC as of 1 January 2005. SIC is now fully owned by the Group.

This acquisition was as follows:

Direct acquisition from minority shareholders (30.65%)	95,389,517
Acquisition of Solo SGPS, S.A., which holds 18.35% of SIC	1,000
Acquisition of shareholder loans conceded to Solo SGPS, S.A.	57,109,483
Acquistion price	152,500,000

Within the acquisition of Solo, SGPS, S.A., the Group also acquired shareholder loans, with the nominal value of 123,590,582 Euros, by 57,109,483 Euros. Since the sole asset of Solo is the participation of 18.35% in SIC, and considering that Solo has been acquired only with the objective of acquiring its participation in SIC, which can not be dissociated from the direct acquisition of 30.65% of SIC from the previous shareholders, the difference of 66,481,100 Euros between the amount paid and the nominal value has been allocated to the purchase difference originated in the acquisition of 30.65% of SIC.

(Amounts stated in Euros)

The effect of this acquisition on the balance sheet as of 31 December 2005 was as follows:

	Fair value
Net assets acquired:	
Goodwill recorded in Solo's balance sheet (Note 18.a))	92,986,242
Consolidation differences (Note 18.a))	40,771,737
Equity acquired from minority shareholders (Note 27)	18,752,612
Other	(10,591)
Acquisition price	152,500,000

The Company analysed the fair value of assets and liabilities acquired, and concluded that there are no assets or liabilities specifically identifiable with values different from book value, and that the amount paid relates essentially to the expected future results of SIC. Under these circumstances, the purchase difference was totally recorded under goodwill.

The impact of the acquisition in the consolidated profit and loss statement is as follows:

Operating income	1,682
Operating expenses	(270)
Restructuring costs	-
Financial expenses	(95)
Profit before tax	1,317

Additionally, during the year ended 31 December 2005, Mediger - Sociedade Jornalistica e Editorial, Lda. was merged into Medipress - Sociedade Jornalistica e Editorial, Lda., and Sojornal.com – Consultoria Internet, Lda. was liquidated. Additionally, during the year ended 31 December 2004, Interjornal - Sociedade Jornalística e Editorial, Lda. was incorporated and started its activity in the beginning of 2005.

During the year ended 31 December, 2004, the following changes have occurred in the consolidation perimeter:

- Acquisition of the remaining financial participation in the equity of Mediger, leading to consolidating Mediger by the global method of integration (Note 1).

- Office Share and Edimpresa, that had been included in the consolidation by the global integration method until 31 December 2003, were included in consolidation by the proportional method, as from the year 2004, as its management and control started being equally shared with another quotaholder.

- Liquidation of Litechoice, Houseindex, Portusat, Hoge – Sociedade Gestora de Participações Sociais, Lda. and Impresa.com – Sociedade Gestora de Participações, S.A., according to the deliberations of the respective Shareholders´ General Meeting.

The disclosures notes, that present movements in balance sheet accounts occurred during the years ended 31 December 2005 and 2004, include one line denominated “changing in consolidation perimeter”, that evidences the effect of changes in the composition of the group of companies included in the consolidation referred above.

9. REPORTING BY SEGMENTS

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

Television- The group holds a participation of 100% in SIC (51% until 31 December, 2004, the remaining of its share capital has been acquired during 2005) that broadcasts in open signal and by cable, under broadcasting licences, the television channels “SIC”, “SIC Notícias”, “SIC Radical”, “SIC Gold”, “SIC Internacional”, “SIC Mulher”, and in closed circuit “SIC INDOOR”.

(Amounts stated in Euros)

Magazines – The Group publishes, through Edimpresa, a wide range of magazines covering several different areas, including business, politics, automotive and society. Additionally, the Group includes in this segment, Comfutebol (which is a discontinuing operation) and half of Gesco's activity.

Newspapers – The Company publishes in Portugal the weekly newspaper "Expresso", the weekly music newspaper "Blitz", the weekly automotive newspaper "Autosport", the monthly edition of "Surf Portugal", and the free newspaper "Jornal da Região". The Group also includes in this segment, Imprejornal (which is in a sale process) and half of Gesco's activity.

Others- Includes the holdings of the group, Media Zoom and Office-Share.

There are no customers accounting for 10% or more of the Group's revenues in any of the periods presented in the accompanying profit and loss statements.

Transactions between segments are recorded in the same manner as transactions with third parties. The accounting policies of each segment are the same as the Group accounting policies.

The majority of the Group's revenues are derived in Portugal, and most part of its assets are also located in Portugal.

a) Reporting by principal segment – Business Segment:

31 December 2005:

	Television	Newspapers	Magazines	Others	Segment total	Eliminatons	Consolidated total
Sales - external costumers	-	20,994,603	24,181,747	-	45,176,350	-	45,176,350
Sales - intersegment revenues	-	27,778	10,878	-	38,656	(38,656)	-
Services rendered - external costumers	159,880,352	38,850,837	15,433,007	-	214,164,196	-	214,164,196
Services rendered - intersegment revenues	1,455,454	647,196	255,312	-	2,357,962	(2,357,962)	-
Other operating revenues - external costumers	606,179	450,975	457,191	398,734	1,913,079	-	1,913,079
Other operating revenues - intersegment revenues	84,610	3,500	569,464	2,608,176	3,265,750	(3,265,750)	-
Total operating income	162,026,595	60,974,889	40,907,599	3,006,910	266,915,993	(5,662,368)	261,253,625
Cost of sales and broadcasting costs	(72,894,216)	(9,305,373)	(5,483,266)	-	(87,682,855)	43,788	(87,639,067)
Supplies and services	(22,862,939)	(20,670,827)	(21,396,154)	(1,781,599)	(66,711,519)	5,441,697	(61,269,822)
Payroll	(29,911,530)	(16,866,926)	(9,436,354)	(2,996,469)	(59,211,279)	-	(59,211,279)
Depreciation and amortisation	(6,624,039)	(1,492,444)	(455,882)	(246,739)	(8,819,104)	-	(8,819,104)
Provisions	(1,273,879)	(281,642)	(12,500)	-	(1,568,021)	-	(1,568,021)
Other operating expenses	(600,497)	(850,775)	(431,402)	(642,264)	(2,524,938)	176,883	(2,348,055)
Total operating expenses	(134,167,100)	(49,467,987)	(37,215,558)	(5,667,071)	(226,517,716)	5,662,368	(220,855,348)
Operating profit	27,859,495	11,506,902	3,692,041	(2,660,161)	40,398,277	-	40,398,277
Gains and losses in affiliated companies	-	-	-	639,797	639,797	-	639,797
Other financial income	(1,414,188)	(464,906)	(531,681)	(7,753,206)	(10,163,981)	-	(10,163,981)
Profit before tax	26,445,307	11,041,996	3,160,360	(9,773,570)	30,874,093	-	30,874,093
Income tax expense	(6,198,237)	(3,284,018)	(970,910)	3,217,331	(7,235,834)	-	(7,235,834)
Minority interest	(1,701,186)	-	(23,407)	93,963	(1,630,630)	-	(1,630,630)
Result for the year	18,545,884	7,757,978	2,166,043	(6,462,276)	22,007,629	-	22,007,629

(Amounts stated in Euros)

31 December 2004:

	Television	Newspapers	Magazines	Others	Segment total	Eliminatons	Consolidated total
Sales - external costumers	-	18,714,324	21,903,327	-	40,617,651	-	40,617,651
Sales - intersegment revenues	-	2,083	128,834	-	130,917	(130,917)	-
Services rendered - external costumers	160,382,527	36,945,997	15,481,602	-	212,810,126	-	212,810,126
Services rendered - intersegment revenues	1,026,940	656,491	191,239	-	1,874,670	(1,874,670)	-
Other operating revenues - external costumers	2,489,935	159,433	187,743	-	2,837,111	-	2,837,111
Other operating revenues - intersegment revenues	75,000	44,756	883,133	1,976,953	2,979,842	(2,979,842)	-
Total operating income	163,974,402	56,523,084	38,775,878	1,976,953	261,250,317	(4,985,429)	256,264,888
Cost of sales and broadcasting costs	(71,679,756)	(7,330,801)	(4,822,587)	-	(83,833,144)	83,801	(83,749,343)
Supplies and services	(21,474,019)	(18,437,224)	(19,943,393)	(818,811)	(60,673,447)	4,818,588	(55,854,859)
Payroll	(28,872,390)	(17,267,500)	(9,253,471)	(4,771,923)	(60,165,284)	5,538	(60,159,746)
Depreciation and amortisation	(8,457,502)	(2,006,276)	(615,567)	(108,764)	(11,188,109)	-	(11,188,109)
Provisions	(406,990)	(40,000)	(312,669)	-	(759,659)	-	(759,659)
Other operating expenses	(1,219,971)	(1,268,201)	(288,832)	(247,401)	(3,024,405)	77,502	(2,946,903)
Total operating expenses	(132,110,628)	(46,350,002)	(35,236,519)	(5,946,899)	(219,644,048)	4,985,429	(214,658,619)
Operating profit	31,863,774	10,173,082	3,539,359	(3,969,946)	41,606,269	-	41,606,269
Gains and losses in affiliated companies	20,855	-	-	1,334,787	1,355,642	-	1,355,642
Other financial income	(3,186,588)	(657,302)	(923,559)	(2,312,691)	(7,080,140)	-	(7,080,140)
Profit before tax	28,698,041	9,515,780	2,615,800	(4,947,850)	35,881,771	-	35,881,771
Income tax expense	(6,754,773)	(43,945)	(702,839)	(7,082)	(7,508,639)	-	(7,508,639)
Minority interest	(850,780)	-	81,535	(10,274,224)	(11,043,469)	-	(11,043,469)
Result for the year	21,092,488	9,471,835	1,994,496	(15,229,156)	17,329,663	-	17,329,663

The results of discontinuing operations and non-current assets held for sale included in the consolidated financial statements as of 31 December 2005 and 2004 are detailed in Note 12.

Assets, liabilities and other additional relevant information relevant by segment and the corresponding reconciliation to the consolidated totals are as follows:

31 December 2005:

	Television	Newspapers	Magazines	Others	Segment Total	Eliminatons	Consolidated Total
Consolidation diferences	174,342	-	10,169,561	277,239,198	287,583,101	-	287,583,101
Financial Investments	331,849	-	-	5,704,894	6,036,743	(2,348,000)	3,688,743
Other assets	127,664,445	41,560,737	13,652,281	10,110,267	192,987,730	(33,959,841)	159,027,889
Total assets	128,170,636	41,560,737	23,821,842	293,054,359	486,607,574	(36,307,841)	450,299,733
Bank loans	27,768,290	7,500,000	7,385,185	192,125,016	234,778,491	-	234,778,491
Other liabilities	45,797,657	17,451,551	10,617,740	41,355,638	115,222,586	(36,836,865)	78,385,721
Total liabilities	73,565,947	24,951,551	18,002,925	233,480,654	350,001,077	(36,836,865)	313,164,212
Other informations:							
Aditions to fixed assets	6,502,407	373,984	399,034	235,794	7,511,219		7,511,219
Depreciation and amortisation	6,624,039	1,492,444	455,882	246,739	8,819,104	-	8,819,104
Impairment losses and decreases in stock realization value recognized in results	1,639,520	1,112,265	2,308,556	-	- 5,060,341	- -	- 5,060,341
Reversion in impairment losses and decreases in stock realization values	(50,000)	(996,441)	(2,089,641)	-	(3,136,082)	-	(3,136,082)
Average number of employees	626	293	442	66	1,427	-	1,427

31 December 2004:

	Television	Newspapers	Magazines	Others	Segment Total	Eliminatons	Consolidated Total
Consolidation diferences	174,342	-	10,169,561	143,481,219	153,825,122	-	153,825,122
Financial investments	317,197	-	-	4,775,096	5,092,293	(2,058,000)	3,034,293
Other assets	116,784,800	45,566,938	14,619,296	97,259,217	274,230,251	(104,044,568)	170,185,683
Total assets	117,276,339	45,566,938	24,788,857	245,515,532	433,147,666	(106,102,568)	327,045,098
Bank loans	33,068,067	14,050,000	8,518,916	56,875,760	112,512,743	-	112,512,743
Other liabilities	46,689,456	31,752,152	21,521,410	76,271,553	176,234,571	(97,296,943)	78,937,628
Total liabilities	79,757,523	45,802,152	30,040,326	133,147,313	288,747,314	(97,296,943)	191,450,371
Other informations:							
Aditions to fixed assets	2,273,358	928,760	560,323	9,678,819	13,441,260	(9,440,942)	4,000,318
Depreciation and amortisation	8,457,502	2,081,891	615,567	33,149	11,188,109	-	11,188,109
Impairment losses and decreases in stock realization value recognized in results	1,247,195	901,779	2,178,169	-	- 4,327,143	-	- 4,327,143
Reversion in impairment losses and decreases in stock realization values	(37,500)	(100,850)	(1,507,566)	-	(1,645,916)	-	(1,645,916)
Average number of employees	620	290	480	68	1,458	-	1,458

(Amounts stated in Euros)

The column "Others" corresponds to assets and liabilities held by Impresa and other sub-holdings of the Group, whose activity consists essentially in managing financial participations, and so, the correspondent assets includes consolidation differences related to television and newspapers in the amount of 246,171,195 Euros and 20,724,100 Euros, respectively, as well as the correspondent liabilities, namely bank loans, used in acquisition of that investments.

b) Reporting by secondary segment – Geographic markets:

The operating revenues by geographic market in 31 December 2005 were as follows:

	Portugal		Other markets		Total	
	31-12-2005	31-12-2004	31-12-2005	31-12-2004	31-12-2005	31-12-2004
Sales - external costumers	45,170,392	40,614,986	5,958	2,665	45,176,350	40,617,651
Services rendered - external costumers	210,044,043	209,013,442	4,120,153	3,796,684	214,164,196	212,810,126
Other operating revenues - external costumers	1,913,079	2,837,111	-	-	1,913,079	2,837,111
Total operating revenues	257,127,514	252,465,539	4,126,111	3,799,349	261,253,625	256,264,888

10. SALES AND SERVICES RENDERED BY ACTIVITY

Sales and services rendered during the years ended 31 December 2005 and 2004, are as follows:

	31-12-2005	31-12-2004
Newspapers	19,694,984	19,052,434
Magazines	21,124,717	22,687,237
Other products	10,355,019	3,880,147
Returns	(5,998,370)	(5,002,167)
	45,176,350	40,617,651
Advertising	213,999,169	213,941,828
Subscribers	27,355,582	25,876,545
Merchandising	1,352,003	1,155,295
Softsponsorship	2,360,151	1,925,450
Stamping	2,176,045	1,596,086
Discounts	(44,391,028)	(38,984,342)
Other services rendered	11,312,274	7,299,264
	214,164,196	212,810,126
	259,340,546	253,427,777

11. OTHER OPERATING INCOME AND EXPENSES

During the years ended 31 December 2005 and 2004, other operating income was as follows:

	31-12-2005	31-12-2004
Supplementary income	1,110,426	1,373,920
Gains in disposals of fixed assets (a)	92,100	1,377,847
Investments subsidies (Note 2.13)	23,208	23,208
Other operating revenue	687,345	62,136
	1,913,079	2,837,111

(a) During the year ended 31 December 2004, this caption includes the gains of 756,878 Euros obtained in the sale of SIC's head-office.

(Amounts stated in Euros)

During the years ended 31 December 2005 and 2004, other operating expenses were as follows:

	31-12-2005	31-12-2004
Losses in disposal/liquidation of companies	88,020	-
Losses in disposals of fixed assets	2,874	65,971
Impairment losses (Note 31)	1,401,767	1,911,712
Reversion of impairment losses	(1,071,108)	(171,388)
Taxes	672,895	672,895
Other operating expenses	1,253,607	467,712
	2,348,055	2,946,902

12. DISCONTINUING OPERATIONS, RESTRUCTURING COSTS AND NON-CURRENT ASSETS HELD FOR SALE

The non-current assets held for sale / discontinuing operations as of 31 December 2005 and 2004 are as follows:

	Efective percentage of capital held 31-12-2005	Efective percentage of capital held 31-12-2004
Imprejornal (a)	100%	100%
Net TV (b)	5.10%	5.10%
Comfutebol (c)	25.00%	25.00%
Global S 24 (d)	50.00%	25.50%
Morena Films (e)	4.73%	2.41%

(a) On 1 April 2005, Impresa signed a contract with the objective of selling Imprejornal, which is expected to occur in 2006, provided that the acquiring entity accomplishes a set of obligations. As of 31 December 2005, the agreed consideration is not significantly different from Imprejornal's accounting value.

(b) During the year ended 31 December 2005, the Group informed the remaining shareholders of Net TV of its decision of selling this participation, which occurred in January 2006. As of 31 December 2005, the agreed consideration is not significantly different from its book value.

(c) During the year ended in 31 December 2005, the operations of this entity, related to the publication of the magazine "Doze", were discontinued. At present, this entity does not have any employee.

(d) There is an expectation that this entity will be liquidated during the year 2006.

(e) As of 31 December 2005, this investment was held for sale, which occurred in January 2006 (Note 38), resulting in no significant gains or losses.

The results from discontinued operations (or assets held for sale) included in the consolidated financial statements as of 31 December 2005 and 2004 were as follows (Note 9):

(Amounts stated in Euros)

Meprejornal:

	Discountinued operations		Total of newspapers segment	
	31-12-2005	31-12-2004	31-12-2005	31-12-2004
Operating income:				
Sales - external costumers	529,338	773,534	20,994,603	18,714,324
Sales - intersegment revenues	526	282	27,778	2,083
Services rendered - external costumers	2,176,045	1,596,086	38,850,837	36,945,997
Services rendered - intersegment revenues	756	12,645	647,196	656,491
Other operating revenues - external costumers	29,518	159,404	450,975	159,433
Other operating revenues - intersegment revenues	3,500	12,500	3,500	44,756
Total operating income	2,739,683	2,554,451	60,974,889	56,523,084
Operating expenses	(2,616,852)	(2,168,990)	(49,467,987)	(46,350,002)
Financial results	(124,652)	(321,240)	(464,906)	(657,302)
Profit before tax	(1,821)	64,221	11,041,996	9,515,780
Income tax expense	(8,104)	(1,244)	(3,284,018)	(43,945)
Result for the year	(9,925)	62,977	7,757,978	9,471,835

Comfutebol:

	Discountinued operations		Total of magazines segment	
	31-12-2005	31-12-2004	31-12-2005	31-12-2004
Operating income:				
Sales - external costumers	49	364,760	24,181,747	21,903,327
Sales - intersegment revenues	-	-	10,878	128,834
Services rendered - external costumers	-	302,819	15,433,007	15,481,602
Services rendered - intersegment revenues	-	-	255,312	191,239
Other operating revenues - external costumers	14,323	13,401	457,191	187,743
Other operating revenues - intersegment revenues	-	-	569,464	883,133
Total operating income	14,372	680,980	40,907,599	38,775,878
Operating expenses	(30,022)	(1,018,510)	(37,215,558)	(35,236,519)
Financial results	(706)	(5,276)	(531,681)	(923,559)
Profit before tax	(16,356)	(342,806)	3,160,360	2,615,800
Income tax expense	-	-	(970,910)	(702,839)
Minority interests	-	-	(23,407)	81,535
Result for the year	(16,356)	(342,806)	2,166,043	1,994,496

The assets and liabilities held for sale as of 31 December 2005 and 2004 can be detailed as follows:

	31-12-2005	31-12-2004
Financial investments :		
Net TV (Note 20)	543,879	543,879
Morena Films (Note 20)	268,044	-
Global S 24 (Note 20)	1,091,825	-
Accumulated impairment losses on Net TV (Note 20)	(272,015)	(236,668)
Accumulated impairment losses on Morena Films (Note 20)	(218,044)	-
Accumulated impairment losses on Global S 24 (Note 20)	(1,091,825)	-
	321,864	307,211
Imprejornal:		
Fixed assets	4,336,430	5,156,087
Inventories	209,151	143,968
Customers and other current assets	1,306,308	7,366,095
	5,851,889	12,666,150
Total assets held for sale	6,173,753	12,973,361
Suppliers and other current liabilities	(830,073)	(1,090,533)
Bank loans	-	(6,550,000)
Total liabilities held for sale	(830,073)	(7,640,533)
Net assets held for sale	5,343,680	5,332,828

(Amounts stated in Euros)

Comfutebol's assets and liabilities (discontinued operation) are not relevant to the financial consolidated statements of Impresa.

13. PAYROLL

During the years ended in 31 December 2005 and 2004, payroll was made up as follows:

	31-12-2005	31-12-2004
Wages and other employee benefits	44,807,733	46,936,228
Social security contributions	14,403,546	13,013,268
Pension benefits	-	210,250
	59,211,279	60,159,746

During the years ended 31 December 2005 and 2004, the average number of employees of the Companies included in consolidation was 1.427 and 1.458 employees, respectively.

14. COST OF SALES AND BROADCASTING COSTS

During the years ended 31 December 2005 and 2004, broadcasting costs and cost of sales were as follows:

	31-12-2005	31-12-2004
Broadcasting costs	72,894,216	71,679,756
Cost of sales	5,121,404	1,496,016
Raw materials consumed	8,638,759	10,132,562
Losses on inventories	608,811	183,785
Impairment of inventories (Note 31)	2,025,807	1,655,772
Reversion of impairment inventories (Note 31)	(1,628,813)	(1,387,952)
Regularization of inventories	(21,117)	(10,596)
	87,639,067	83,749,343

15. FINANCIAL RESULTS

Financial results for the years ended 31 December 2005 and 2004 are made up as follows:

	31-12-2005	31-12-2004
Gains and losses in affiliated companies:		
Losses in affiliated companies	-	(1,437)
Gains in affiliated companies (Note 20)	639,797	1,357,079
	639,797	1,355,642
Interest and other financial costs:		
Interest expenses	(9,369,387)	(6,019,779)
Foreign exchange losses	(576,572)	(4,772)
Impairment losses in financial investments (Notes 20 and 31)	(35,347)	(850,355)
Impairment losses in investment properties (Notes 21 and 31)	(64,746)	-
Other financial expenses	(724,523)	(944,673)
	(10,770,575)	(7,819,579)
Other financial income:		
Interest income	421,740	244,570
Foreign exchange gains	-	442,670
Reversion of impairment losses in financial investments (Note 20)	50,000	5,177
Gains arising from the valuation of financial instruments (Note 32) (a)	134,854	6,387
Other financial income	-	40,635
	606,594	739,439
Financial results	(9,524,184)	(5,724,498)

(Amounts stated in Euros)

(a) This caption includes essentially the gain resulting from recording financial instruments (exchange rate forward contracts) at fair value.

16. DIFFERENCES BETWEEN ACCOUNTING AND TAX RESULTS

Group Impresa and its affiliated companies are subject to corporate income tax at the normal rate of 25% plus a Municipal Surcharge of 10%, resulting in an aggregate tax rate of 27.5%. Additionally, considering its legal form, some companies of the Group are subject to the fiscal legislation that rules holding companies ("Sociedades Gestoras de Participações Sociais"). In accordance with this legislation, the profits and losses in companies of the group resulting from the equity method, the dividends received from the participated companies, and financial expenses related to the acquisition of financial investments, are not considered for tax purposes.

Impresa is taxed on a consolidated basis with its subsidiaries (Controljornal, Soincom, Sojornal, Medipress, Imprejornal, Publisurf, and Mediazoom). SIC is taxed on a consolidated basis with SIC Online and SIC Serviços.

The other subsidiaries are subject to income tax on an individual basis, based on their respective individual tax results and the applicable tax rates.

The Group records deferred taxes resulting from timing differences between the taxable and accounting basis of its assets and liabilities. As of 31 December 2005 and 2004 deferred tax assets and liabilities were recognized as follows:

a) Timing differences – movements in deferred tax assets and liabilities

31 December 2005:

	Deferred tax assets							Deferred tax liabilities	
	Accrued expenses	Asset derecognition	Accounts receivable adjustments	Inventories adjustments	Provisions for other risks and charges	Tax losses carried forward	Total	Accrued income	Total
Balances as of 31 December 2004	655,583	461,576	113,890	418,985	126,037	10,132,322	11,908,393	-	-
Increases / decreases	(455,519)	(247,698)	30,520	100,944	75,896	(4,811,816)	(5,307,673)	-	-
Balances as of 31 December 2005	200,064	213,878	144,410	519,929	201,933	5,320,506	6,600,720	-	-

31 December 2004:

	Deferred tax assets							Deferred tax liabilities	
	Accrued expenses	Asset derecognition	Accounts receivable adjustments	Inventories adjustments	Provisions for other risks and charges	Tax losses carried forward	Total	Accrued income	Total
Balances as of 1 January 2004	463,702	-	166,558	682,973	107,699	16,245,466	17,666,398	-	-
Conversion adjusments into IFRS	101,000	719,361	-	-	-	-	820,361	75,811	75,811
Adjusted balances as of 1 January 2004	564,702	719,361	166,558	682,973	107,699	16,245,466	18,486,759	75,811	75,811
Changes in the consolidation perimeter	(33,094)	-	(48,677)	(258,784)	(19,474)	-	(360,029)	(37,906)	(37,906)
Increases / decreases	123,975	(257,785)	(3,991)	(5,204)	37,812	(6,113,144)	(6,218,337)	(37,905)	(37,905)
Balances as of 31 December 2004	655,583	461,576	113,890	418,985	126,037	10,132,322	11,908,393	-	-

The deferred tax assets related to tax losses carried forward includes all timing differences generated until 31 December 2005 by SIC and Sic Online, because it is the understanding of the Board of Directors that these subsidiaries will generate sufficient future taxable profits to realize these assets.

As far as other companies included in consolidation as of 31 December 2005 are concerned, deferred taxes to be recorded in accordance with IAS 12 - "Income Taxes", relates essentially to tax losses carried forward prevailing at that date, and to non-deductible provisions. Since the Boards of Directors of those subsidiaries expect that they will not have sufficient future profits to cover those situations, the Group has decided not to record such deferred tax assets.

(Amounts stated in Euros)

	Tax losses carried forward considered for the computation of deferred taxes		Tax losses carried forward not considered for the computation of deferred taxes		
	31-12-2005	Previous years	31-12-2005	Previous years	Total
SIC and affiliates	-	19,347,294	56,992	6,951,585	26,355,871
Edimpresa and affiliates	-	-	8,178	353,736	361,914
Impresa (tax consolidation)	-	-	-	18,478,713	18,478,713
Publiregiões	-	-	503,793	3,281,199	3,784,992
Solo	-	-	1,895	43,802	45,697
	-	19,347,294	570,858	29,109,035	49,027,187
Income tax	27.5%				
	-				

At 31 December 2005, tax losses carried forward of 49,027,187 Euros expire as follows:

	Tax losses carried forward considered for the computation of deferred tax	Tax losses carried forward not considered for the computation of deferred tax	Total
2006	-	4,888,000	4,888,000
2007	174,779	267,453	442,232
2008	16,750,211	3,747,747	20,497,958
2009	2,422,304	19,568,123	21,990,427
2010	-	637,532	637,532
2011	-	571,038	571,038
	19,347,294	29,679,893	49,027,187

The Group evaluated deferred taxes resulting from the conversion adjustments into IFRS. Such deferred taxes were recorded only when there are expectations of future taxable profits to realise them. This evaluation was essentially based on the Company's subsidiaries business plans, which are periodically updated and reviewed.

b) Reconciliation of the tax rate

The income tax for the years ended 31 December 2005 and 2004 is as follows:

	31-12-2005	31-12-2004
Profit before tax	30,874,093	35,881,771
Nominal income tax rate	27.5%	27.5%
Estimated tax charge	8,490,376	9,867,487
Tax losses used	(1,717,435)	(1,819,775)
Tax losses carried forward	402,806	130,836
Permanent differences (i)	(85,957)	(738,343)
Income tax adjustments (ii)	146,044	128,150
Corrections to prior years income tax	-	(59,716)
Income tax	7,235,834	7,508,639
Effective income tax rate	23.44%	20.93%
Current income tax (Note 30)	1,928,161	1,328,208
Deferred income tax for the year	5,307,673	6,180,432
	7,235,834	7,508,640

(Amounts stated in Euros)

(i) As of 31 December 2005 and 2004, this caption is made up as follows:

	31-12-2005	31-12-2004
Effect of the equity method of accounting	(639,797)	(1,355,641)
Non deductible amortisation	609,749	630,236
Accounting capital gains	(86,831)	(445,504)
Accounting capital losses	88,020	(1,345,748)
Tax capital gains	48,131	989,157
Tax capital losses	(250,000)	(2,584,781)
Confidential expenses	41,790	28,039
Other, net	(123,633)	1,399,358
	(312,571)	(2,684,884)
Nominal income tax rate	27.5%	27.5%
	(85,957)	(738,343)

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

(Amounts stated in Euros)

17. EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2005 and 2004 were computed considering the following amounts:

	31-12-2005	31-12-2004
Number of shares		
Weighed average number of shares for purposes of computing basic earnings per share	84,000,000	84,000,000
Effect of potencial shares resulting from convertible bonds	-	-
Weighed average number of shares for purposes of computing diluted earnings per share	84,000,000	84,000,000
Earning		
Earnings for purposes of computing basic earnings per share	22,007,629	17,329,663
Effect of potencial shares: Interest of convertible bonds (net of tax)	-	-
Earnings for purposes of computing net basic earnings per share (net profit for the year)	22,007,629	17,329,663

Earnings per share: continuing operations

	31-12-2005	31-12-2004
Earnings		
Earnings for purposes of computing net basic earnings per share	22,007,629	17,329,663
Adjustments for:		
Earnings after tax over discontinuing operations (Note 12)	(26,281)	-
Earnings in the disposals of discontinuing operations	(88,020)	-
	(114,301)	-
Earnings for purposes of computing net basic earnings per share excluding discontinuing operations	22,121,930	17,329,663
Effect of potencial shares: Interest of convertible bonds (net of tax)	-	-
Earnings for purposes of computing net diluted earnings per share (net profit for the year)	22,121,930	17,329,663

Earnings per share:

	31-12-2005	31-12-2004
Basic	0.2620	0.2063
Diluted	0.2634	0.2063

(Amounts stated in Euros)

18. INTANGIBLE ASSETS

a) Consolidation differences

During the years ended 31 December 2005 and 2004, the movements occurred in consolidation differences and the related impairment losses were the following:

31 December 2005:

Balance at 31 December 2004	153,825,122
Changes in consolidation perimeter (i)	92,986,242
Increases (ii)	40,771,737
Balances at 31 December 2005	287,583,101

31 December 2004:

Balance at 1 January 2004	
Gross amount	213,753,459
Accumulated amortisation	(50,352,542)
	163,400,917
Restatement adjustments to IFRS	-
Restated balance at 1 January 2004	163,400,917
Changes in consolidation perimeter (iii)	(10,169,561)
Acquisition of 50% of Mediger	593,766
Balance at 31 December 2004	153,825,122

(i) This caption relates to the goodwill over SIC recorded by Solo (company acquired in 2005, Note 8).

(ii) Goodwill resulting from the acquisition in 2005 of the remaining 49% of SIC share capital held by other shareholders (30.65% directly and 18.35% through the acquisition of Solo) (Note 8).

(iii) Edimpresa ceased being consolidated by the global method of integration, starting being consolidated by the proportional method in 2004.

(Amounts stated in Euros)

As of 31 December 2005 and 2004, goodwill is as follows:

Company	31-12-2005	31-12-2004
Impresa:		
Soincom (SIC)	34,722,846	34,722,846
Gesco (SIC)	1,743,872	1,743,872
Controljornal	20,130,334	20,130,334
	56,597,052	56,597,052
Controljornal:		
Mediger	593,766	593,766
Soincom:		
SIC	86,290,401	86,290,401
Media Zoom:		
SIC and Solo (SIC) (Note 8)	40,771,737	-
Solo:		
SIC (Note 8)	92,986,242	-
Edimpresa:		
Edimpresa	10,169,561	10,169,561
SIC:		
SIC Notícias	174,342	174,342
Goodwill	287,583,101	153,825,122

In order to meet the provisions of IFRS 3, the Company has performed since 2003 impairment analysis of goodwill, based on evaluations and other information made available by independent entities, as well as evaluations performed internally, supported by the different segments business plans, concluding that the carrying value of goodwill is less than the estimated market value. In the opinion of the Board of Directors, based on the analysis referred above and on the estimated future profits of SIC, Edimpresa and Controljornal, this situation remains unchanged at 31 December 2005. The evaluation method used is the discounted cash-flow, considering updated and reasonable assumptions regarding the respective industries of the corresponding subsidiaries.

(Amounts stated in Euros)

b) Other intangible assets:

During the years ended 31 December 2005 and 2004, the movements occurred in other intangible assets and the corresponding accumulated depreciation and impairment losses are as follows:

31 December 2005:

	Start up expenses	Research and development costs	Industrial property and other rights	Software	Total
Gross assets:					
Balances at 31 December 2004	-	-	1,081,223	2,854,976	3,936,199
Increases	-	-	91,598	422,771	514,369
Reductions and write-offs	-	-	(199,785)	-	(199,785)
Transfers	-	-	-	4,387,952	4,387,952
Balances at 31 December 2005	-	-	973,036	7,665,699	8,638,735
Accumulated depreciation and impairment losses:					
Balances at 31 December 2004	-	-	(944,451)	(2,258,255)	(3,202,706)
Increases for the year	-	-	(108,098)	(594,660)	(702,758)
Decreases due to disposals and write-offs	-	-	199,785	-	199,785
Transfers	-	-	-	(4,377,185)	(4,377,185)
Balances at 31 December 2005	-	-	(852,764)	(7,230,100)	(8,082,864)
Net book value at 31 December 2005	-	-	120,272	435,599	555,871

31 December 2004:

	Start up expenses	Research and development costs	Industrial property and other rights	Software	Total
Gross assets:					
Balance at 1 January 2004	8,949,493	72,138	2,010,653	-	11,032,284
Conversion adjustments to IFRS	(8,949,493)	(72,138)	(1,085)	2,637,347	(6,385,369)
Restated balance at 1 January 2004	-	-	2,009,568	2,637,347	4,646,915
Changes in consolidation perimeter	-	-	(583,420)	-	(583,420)
Increases	-	-	29,174	217,629	246,803
Reductions and write-offs	-	-	(374,099)	-	(374,099)
Balance at 31 December 2004	-	-	1,081,223	2,854,976	3,936,199
Accumulated depreciation and impairment losses:					
Balance at 1 January 2004	(5,986,391)	(31,717)	(1,806,578)	-	(7,824,686)
Restatement adjustments to IFRS	5,986,391	31,717	876	(1,802,531)	4,216,453
Restated balance at 1 January 2004	-	-	(1,805,702)	(1,802,531)	(3,608,233)
Changes in consolidation perimeter	-	-	546,254	-	546,254
Increases	-	-	(59,102)	(455,724)	(514,826)
Reductions and write-offs	-	-	374,099	-	374,099
Balance at 31 December 2004	-	-	(944,451)	(2,258,255)	(3,202,706)
Net book value at 31 December 2004	-	-	136,772	596,721	733,493

(Amounts stated in Euros)

19. TANGIBLE ASSETS

During the years ended 31 December 2005 and 2004, the movements in tangible assets and in the corresponding accumulated depreciation and impairment losses are as follows:

31 December 2005:

	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Gross assets:									
Balance at 31 December 2004	1,055,557	9,954,020	84,200,381	1,231,330	97,571	18,028,921	645,613	548,615	115,762,008
Changes in consolidation perimeter	-	-	-	-	-	-	-	-	-
Additions	-	307,593	3,346,914	94,075	364	960,026	-	2,287,878	6,996,850
Reductions and write-offs	-	-	(1,818,540)	(270,475)	(132)	(457,592)	-	-	(2,546,739)
Transfers	-	109,058	(1,020,091)	-	195	(3,183,883)	-	(293,231)	(4,387,952)
Balance at 31 December 2005	1,055,557	10,370,671	84,708,664	1,054,930	97,998	15,347,472	645,613	2,543,262	115,824,167
Accumulated depreciation and impairment losses:									
Balance at 31 December 2004	-	(332,377)	(63,989,226)	(835,283)	(82,749)	(14,892,916)	(582,359)	-	(80,714,910)
Increase for the year	-	(230,919)	(6,315,505)	(171,336)	(8,183)	(1,380,442)	(9,961)	-	(8,116,346)
Decrease due to disposals and write-offs	-	-	1,768,250	231,235	132	454,934	50	-	2,454,601
Regularizations	-	(220)	30	-	-	739	-	-	549
Transfers	-	-	1,524,120	-	-	2,852,915	150	-	4,377,185
Balance at 31 December 2005	-	(563,516)	(67,012,331)	(775,384)	(90,800)	(12,964,770)	(592,120)	-	(81,998,921)
Net book value at 31 December 2005	1,055,557	9,807,155	17,696,333	279,546	7,198	2,382,702	53,493	2,543,262	33,825,246

31 December 2004:

	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Gross assets:									
Balance at 1 January 2004	6,692,920	32,145,581	87,589,767	951,162	104,965	19,257,834	647,040	7,049,591	154,438,860
Conversion adjustments to IFRS	(4,113,536)	1,915,384	(2,442,317)	510,343	-	-	-	(6,237,029)	(10,367,155)
Restated balance at 1 January 2004	2,579,384	34,060,965	85,147,450	1,461,505	104,965	19,257,834	647,040	812,562	144,071,705
Changes in consolidation perimeter	(837,981)	(8,346,377)	(2,636,563)	(193,138)	-	(1,931,140)	3,271	(5,860)	(13,947,788)
Increases	-	97,788	2,658,106	218,812	-	605,442	2,267	374,464	3,956,879
Reductions and write-offs	(685,846)	(15,823,756)	(1,112,403)	(255,849)	(7,394)	(157,597)	(6,965)	(268,978)	(18,318,788)
Transfers	-	(34,600)	143,791	-	-	254,382	-	(363,573)	-
Balance at 31 December 2004	1,055,557	9,954,020	84,200,381	1,231,330	97,571	18,028,921	645,613	548,615	115,762,008
Accumulated depreciation and impairment losses:									
Balance at 1 January 2004	-	(4,230,593)	(61,005,017)	(759,718)	(79,727)	(14,481,267)	(397,411)	-	(80,953,733)
Conversion adjustments to IFRS	-	(47,885)	1,753,781	(102,326)	-	-	-	-	1,603,570
Restated balance at 1 January 2004	-	(4,278,478)	(59,251,236)	(862,044)	(79,727)	(14,481,267)	(397,411)	-	(79,350,163)
Changes in consolidation perimeter	-	255,530	2,177,108	52,973	-	1,490,546	(1,894)	-	3,974,263
Increase for the year	-	(422,984)	(7,766,815)	(238,445)	(10,415)	(2,044,605)	(190,019)	-	(10,673,283)
Decrease due to disposals and write-offs	-	4,113,271	891,040	212,233	7,393	142,239	6,965	-	5,373,141
Regularizations	-	284	(39,323)	-	-	171	-	-	(38,868)
Balance at 31 December 2004		(332,377)	(63,989,226)	(835,283)	(82,749)	(14,892,916)	(582,359)	-	(80,714,910)
Net book value at 31 December 2004	-	9,621,643	20,211,155	396,047	14,822	3,136,005	63,254	548,615	35,047,098

As of 31 December 2005 and 2004, the Company owns the following assets acquired under financial lease contracts:

	31-12-2005			31-12-2004		
	Gross Value	Accumulated depreciation and impairment losses	Net Value	Gross Value	Accumulated depreciation and impairment losses	Net Value
Land	1,055,557	-	1,055,557	1,055,557	-	1,055,557
Buildings and other constructions	7,009,131	(280,533)	6,728,598	7,009,131	(135,053)	6,874,078
Transport equipment	535,034	(335,418)	199,616	863,811	(531,606)	332,205
Movable means	-	-	-	4,874,058	(2,205,425)	2,668,633
Machinery and equipment	5,217,835	(1,310,749)	3,907,086	2,629,147	(572,253)	2,056,894
	13,817,557	(1,926,700)	11,890,857	16,431,704	(3,444,337)	12,987,367

As stated in Note 2.5, the Company records these assets under the financial method.

(Amounts stated in Euros)

20. FINANCIAL INVESTMENTS

During the years ended 31 December 2005 and 2004, the movements occurred in financial investments were as follows:

31 December 2005:

	Investments in associated companies	Investments in other companies	Loans granted	Total
Balances at 31 December 2004	2,717,096	317,197	-	3,034,293
Application of the equity method (Note 15)	639,797	-	-	639,797
Impairment losses (Note 15)	-	(35,347)	-	(35,347)
Reversal of impairment losses (Note 15)	-	50,000	-	50,000
Balances at 31 December 2005	3,356,893	331,850	-	3,688,743

31 December 2004:

	Investments in associated companies	Investments in other companies	Loans granted	Total
Balances at 1 January 2004	1,382,310	246,929	1,524,858	3,154,097
Restatement adjustments to IFRS	-	(6,234)	-	(6,234)
Restated balances at 1 January 2004	1,382,310	240,695	1,524,858	3,147,863
Increases	-	78,997	-	78,997
Reductions and write-offs	-	-	(433,033)	(433,033)
Effect of the equity method	1,334,786	-	-	1,334,786
Impairment losses (Note 15)	-	(2,495)	(847,860)	(850,355)
Reversal of impairment losses (Note 15)	-	-	5,177	5,177
Transfers	-	-	(249,142)	(249,142)
Balances at 31 December 2004	2,717,096	317,197	-	3,034,293

Investments in associated companies as of 31 December 2005 and 2004 are made up as follows:

31 December 2005:

Investments in associated companies:

		31-12-2005							
Company	Head office	Total assets	Total revenue	Shareholders' equity	Net result for the year	Effective participation of the Group	Value of the investment	Impairment losses	Net value
Vasp	Massamá	42,398,548	269,107,665	7,397,720	1,147,304	33,33	2,465,707	-	2,465,707
Global S 24	Porto	n.a	n.a	n.a	n.a	50.00	-	-	-
Lusa	Lisboa	22,400,103	18,504,085	6,255,392	1,856,300	22,35	1,730,122	(838,936)	891,186
							4,195,829	(838,936)	3,356,893

Loans granted:

			31-12-2005			
Company	Head office	Effective participation of the Group	Value	Impairment losses	Reversal of impairment losses	Net value
Global S 24	Porto	50.00	1,091,825	(1,091,825)	-	-

31 December 2004:

Investments in associated companies:

		31-12-2004							
Company	Head office	Total assets	Total revenue	Shareholders' equity	Net result for the year	Effective participation of the Group	Value of the investment	Impairment losses	Net value
Vasp	Massamá	43,807,173	231,754,562	6,722,982	2,575,630	33,33	2,240,800	-	2,240,800
Global S 24	Porto	n.a	n.a	n.a	n.a	50.00	-	-	-
Lusa	Lisboa	24,663,744	19,720,724	5,090,701	2,103,379	22,35	1,469,970	(993,674)	476,296
							3,710,770	(993,674)	2,717,096

Loans granted:

			31-12-2004			
Company	Head office	Effective participation of the Group	Value	Impairment losses	Reversal of impairment losses	Net value
Global S 24	Porto	50.00	1,091,825	(1,091,825)	-	-

(Amounts stated in Euros)

During the years ended 31 December 2005 and 2004, the movements in the caption “Investments in associated companies” resulting from the equity method were as follows:

	31-12-2005			31-12-2004			
Company	Gains on associated companies (Note 15)	Impairment losses	Investments in associated companies	Gains on associated companies (Note 15)	Losses on associated companies (Nota 15)	Adjustments for losses on investments on associated companies	Investments in associated companies (Note 20)
Lusa	414,988	154,838	260,150	476,298	-	-	476,298
Vasp	224,809	-	224,809	858,488	-	-	858,488
Portusat (a)	-	-	-	-	(1,437)	(1,437)	-
Litechoice (a)	-	-	-	22,293	-	-	-
	639,797	154,838	484,959	1,357,079	(1,437)	(1,437)	1,334,786

(a) These companies were dissolved and liquidated during 2004.

As of 31 December 2005 and 2004, investments in other companies were as follows:

		31-12-2005		
Company	Effective participation of the Group	Value of the participation	Impairment losses	Net value
Net TV (b)	5.10	543,879	(272,015)	271,864
Morena Films (b)	4.73	268,044	(218,044)	50,000
NP	8.93	13,717	(8,729)	4,988
PTDP	10.00	4,998	-	4,998
		830,638	(498,788)	331,850

		31-12-2004		
Company	Effective participation of the Group	Value of the participation	Impairment losses	Net value
Net TV	2.61	543,879	(236,668)	307,211
Morena Films	2.41	268,044	(268,044)	-
NP	6.70	13,717	(8,729)	4,988
PTDP	5.10	4,998	-	4,998
		830,638	(513,441)	317,197

(b) Investments held for sale (Note 12).

21. INVESTMENT PROPERTIES

As of 31 December 2005 and 2004, investment properties were as follows:

Investment properties	31-12-2005	31-12-2004
Plots of "Bela Vista" land	4,838,798	4,838,798
"FNAC" land	6,203,779	6,608,438
	11,042,577	11,447,236

(Amounts stated in Euros)

The movement occurred in the caption "Investment properties" occurred during the years ended 31 December 2005 and 2004 was as follows:

31 December 2005:	
Balance at 31 December 2004	11,447,236
Increases	507,087
Reductions and write-offs (a)	(847,000)
Impairment losses (Note 31)	(64,746)
Balance at 31 December 2005	11,042,577
31 December 2004:	
Balance at 1 January 2004	10,350,565
Increases	1,096,671
Balance at 31 December 2004	11,447,236

(a) During 2005 the Group split and sold a portion of the land "FNAC" to an "Investment Fund".

Both investment properties are held by the Company for capital appreciation, its sale not being foreseen in the short term.

As a guarantee of the full observance of covenants of one loan granted to a subsidiary (Note 28.g)), a mortgage was made up over the plots of "Bela Vista", by 9,500,000 Euros. In the year ended 31 December 2005, the Group requested from an independent entity an evaluation of the plots of "Bela Vista", that attributed a market value of 7,985,000 Euros.

At 31 December 2005, the estimated realizable value of the land "FNAC" is not lower than its book value. At that date, the necessary procedures to obtain the definitive public deed of acquisition are still in progress.

22. BROADCASTING RIGHTS AND INVENTORIES

Broadcasting rights at 31 December 2005 and 2004 are made up as follows:

	31/12/2005		31-12-2004	
	Current	Non current	Current	Non current
Broadcasting rights:				
Gross value:				
Broadcasting rights	19,670,286	7,482,594	19,043,658	13,321,917
Advances to program suppliers	-	11,877,940	-	5,720,301
	19,670,286	19,360,534	19,043,658	19,042,218
Realizable value adjustments:				
Accumulated adjustments to net realizable value	(166,322)	(687,635)	(853,957)	-
Regularizations	17,463	-	-	-
	(148,859)	(687,635)	(853,957)	-
Net realizable value of broadcasting rights	19,521,427	18,672,899	18,189,701	19,042,218

At 31 December 2005 the caption "Advances to programs suppliers" includes advances made by SIC to programs suppliers, under the contracts signed with these entities, relating to programs and series that are not yet available to broadcast.

(Amounts stated in Euros)

As of 31 December 2005 and 2004, inventories are made up as follows:

	31/12/2005		31-12-2004	
	Current	Non current	Current	Non current
Inventories:				
Gross value:				
Raw, subsidiary and consumption materials	3,646,535	-	3,333,673	-
Commodities	87,823	-	1,109	-
Intermediate and finished goods	989,605	2,102,911	813,940	1,328,007
Goods and work in progress	1,263,067	-	198,354	-
	5,987,030	2,102,911	4,347,076	1,328,007
Realizable value adjustments:				
Accumulated adjustments to net realizable value	(1,227,639)	-	(2,188,488)	-
Changes in consolidation perimeter	-	-	1,228,669	-
Regularizations	17,898	-	-	-
Adjustments to net realizable value recorded in the current year	(2,025,807)	-	(1,655,772)	-
Reversal of adjustments to net realizable value recorded in the current year	1,628,813	-	1,387,952	-
	(1,606,735)	-	(1,227,639)	-
Net realizable value	4,380,295	2,102,911	3,119,437	1,328,007

23. CUSTOMERS AND ACCOUNTS RECEIVABLES

As of 31 December 2005 and 2004, this caption is made up as follows:

	31/12/2005			31-12-2004		
	Gross value	Accumulated impairment losses	Net value	Gross value	Accumulated impairment losses	Net value
Customers	41,159,415	(6,699,367)	34,460,048	46,748,395	(6,368,605)	40,379,790
Accrued income:						
Cable television subscriptions	697,951	-	697,951	335,827	-	335,827
Advertising	1,613,094	-	1,613,094	790,043	-	790,043
Exchange *rate forward* (Notes 15 and 32)	76,068	-	76,068	-	-	-
Others amounts to be invoiced	473,945	-	473,945	-	-	-
Discounts receivable:						
Rappel obtained	837,060	-	837,060	839,287	-	839,287
	44,857,533	(6,699,367)	38,158,166	48,713,552	(6,368,605)	42,344,947

24. OTHER CURRENT ASSETS

As of 31 December 2005 and 2004, this caption is made up as follows:

	31/12/2005			31-12-2004		
	Gross value	Accumulated impairment losses	Net value	Gross value	Accumulated impairment losses	Net value
Advances to suppliers	259,605	-	259,605	358,149	-	358,149
State and other public entities:						
Value Added Tax	-	-	-	1,054,924	-	1,054,924
Other taxes	-	-	-	21,532	-	21,532
Other accounts receivables:						
Advances to personnel	254,251	-	254,251	274,777	-	274,777
Santander Novimovest (a)	800,000	-	800,000	800,000	-	800,000
Advisors	173,353	-	173,353	-	-	-
Other	1,081,539	-	1,081,539	1,607,352	-	1,607,352
Pre-payments:						
Licenses	467,223	-	467,223	637,084	-	637,084
Prizes and contests	-	-	-	98,661	-	98,661
Insurance	36,124	-	36,124	72,915	-	72,915
Author's copyrights	116,058	-	116,058	-	-	-
Rents	94,659	-	94,659	63,606	-	63,606
Maintenace	37,523	-	37,523	-	-	-
Other	362,229	-	362,229	818,389	-	818,389
Other current assets	-	-	-	322,011	-	322,011
	3,682,564	-	3,682,564	6,129,400	-	6,129,400

(a) This caption refers to the amount yet to receive from the sale of the SIC building, which occurred in 2004.

(Amounts stated in Euros)

25. CASH AND CASH EQUIVALENTS

At 31 December 2005 and 2004, the details of the caption “Cash and cash equivalents” included in the cash flow statement and the reconciliation between its value and the amount of cash and cash equivalents presented in the balance sheets as of those dates are made up as follows:

	31-12-2005	31-12-2004
Cash	106,489	124,864
Bank deposits	18,628,724	20,728,809
Short term applications	1,750,000	42,080
	20,485,213	20,895,753
Bank overdrafts (Note 28)	(4,580)	(2,372)
	20,480,633	20,893,381

The caption “Cash and cash equivalents” includes cash, bank deposits with maximum liquidity, treasury applications and term deposits with maturity dates inferior to three months and with insignificant risk of changes in value.

26. SHARE CAPITAL ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY

Share capital: As of 31 December 2005 and 2004, Impresa’s fully subscribed and paid share capital amounts to 84,000,000 Euros and is represented by 84.000.000 shares with a nominal value of one Euro each, which are held as follows:

	31/12/2005		31-12-2004	
	Participation held	Value	Participation held	Value
Impreger - Sociedade Gestora de Participações Sociais, S.A. ("Impreger")	50.31%	42,257,294	50.31%	42,257,294
Group Fidelity	8.34%	7,009,605	5.47%	4,590,686
Group BPI	9.41%	7,901,915	9.96%	8,369,173
Other	31.94%	26,831,186	34.26%	28,782,847
	100.00%	84,000,000	100%	84,000,000

Share premium: This caption results from the premiums included in the share capital issuances made up in previous periods. According to legislation in force at 31 December 2005 and similarly to legal reserve regime, this amount is not available for distribution to the shareholders but may be capitalized or used to absorb losses, once all other reserves and retained earnings have been exhausted.

Legal reserve: Portuguese law provides that at least 5% of each year’s profits must be appropriated to a legal reserve until this reserve equals the minimum requirement of 20% of share capital. This reserve is not available for distribution to shareholders but may be capitalized or used to absorb losses, once all other reserves and retained earnings have been exhausted.

Previous year net profit application: As deliberated in the General Meeting of Shareholders that took place on 20 April 2005, net profit for the year ended 31 December 2004, amounting to 6,210,579 Euros, computed in the individual accounts and according to Portuguese accounting principles was applied to legal reserve and retained earnings, by the amounts of 310,538 Euros and 5,900,410 Euros, respectively.

(Amounts stated in Euros)

27. SHARE CAPITAL ATTRIBUTABLE TO MINORITY INTEREST

The movements occurred in this caption in the years ended 31 December 2005 and 2004 are as follows:

31 December 2005:	
Balance at 31 December 2004	23,928,032
Net profit attributable to minority interest	1,630,630
Changes in the consolidation perimeter:	
Acquisition of the minority interests acquisition of SIC (Note 8)	(18,752,612)
Distribution of dividends by SIC Notícias	(906,860)
Reduction in SIC Notícias' share capital	(2,400,000)
Other	(37,994)
Balance at 31 December 2005	3,461,196
31 December 2004:	
Balance at 1 January 2004	15,699,543
Impact of IFRS conversion	(1,075,455)
Restated balance at 1 January 2004	14,624,088
Net profit attributable to minority interest	11,043,469
Changes in the consolidation perimeter	(1,965,302)
Increase of suplementary capital contributions in Publiregiões	168,000
Other	57,777
Balance at 31 December 2004	23,928,032

Minority interests reflected on the balance sheet as of 31 December 2005 and 2004 relate to the following Group companies:

	31-12-2005	31-12-2004
SIC's subsidiaries	3,350,237	4,955,913
SIC	-	18,755,552
Other	110,959	216,567
	3,461,196	23,928,032

Minority interests reflected on the consolidated profit and loss statements for the years ended 31 December 2005 and 2004 relate to the following Group companies:

	31-12-2005	31-12-2004
SIC's subsidiaries	1,701,186	850,780
SIC	-	10,335,319
Other	(70,556)	(142,630)
	1,630,630	11,043,469

(Amounts stated in Euros)

28. BANK LOANS

As of 31 December 2005 and 2004, bank loans are made up as follows:

		31 December 2005				31 December 2004			
		Book value		Nominal value		Book value		Nominal value	
Companies	Credit institutions	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Media Zoom	Banco BPI, S.A. (a)	2,331,300	141,799,450	2,377,050	142,622,950	-	-	-	-
Impresa	Caixa Geral de Depósitos, S.A. (b)	2,500,000	26,000,000	2,500,000	26,000,000	1,500,000	28,500,000	1,500,000	28,500,000
SIC	Banco Espírito Santo de Investimento, S.A.	-	-	-	-	7,400,000	12,459,020	7,400,000	12,600,000
SIC	Banco Espírito Santo de Investimento, S.A. (c)	-	14,848,093	-	15,000,000	-	-	-	-
Controljornal	Banco Comercial Português, S.A.	-	-	-	-	-	15,000,000	-	15,000,000
Controljornal	Banco Comercial Português, S.A. (d)	-	9,788,266	-	10,000,000	-	-	-	-
SIC	Banco Espírito Santo de Investimento, S.A.	-	-	-	-	-	9,929,510	-	10,000,000
SIC	Caixa Geral de Depósitos, S.A. (e)	-	9,942,500	-	10,000,000	-	-	-	-
Edimpresa	Banco Espírito Santo e Banco Espírito Santo de Investimento, S.A. (f)	1,820,418	4,851,043	1,900,000	5,050,000	1,620,418	6,671,462	1,700,000	6,950,000
Sojornal	Caixa Geral de Depósitos, S.A. (g)	7,500,000	-	7,500,000	-	-	7,500,000	-	7,500,000
Impresa	Banco BPI, S.A. e Caixa Geral de Depósitos, S.A.	-	-	-	-	1,689,922	5,185,503	1,689,922	5,185,503
Controljornal	Banco Comercial Português, S.A. (h)	-	5,000,000	-	5,000,000	-	-	-	-
Impresa	Caixa Banco de Investimento, S.A. (i)	1,500,000	3,000,000	1,500,000	3,000,000	500,000	4,500,000	500,000	4,500,000
SIC	Banco Comercial Português, S.A. (j)	2,482,108	-	2,482,108		2,482,108	-	2,482,108	-
SIC	Banco Comercial Português, S.A. (k)	-	495,589	-	495,589	-	-	-	-
Imprejornal	Caixa Geral de Depósitos, S.A.	-	-	-	-	750,000	4,000,000	750,000	4,000,000
SIC	Banco BPI, S.A.	-	-	-	-	797,429	-	797,429	-
	Current accounts (l)	915,144	-	915,144	-	675,000	1,350,000	675,000	1,350,000
	Bank overdrafts (m)	4,580	-	4,580	-	2,372	-	2,372	-
		19,053,550	215,724,941	19,178,882	217,168,539	17,417,248	95,095,495	17,496,830	95,585,503

Relating to these loans, the Group assumed several covenants, which the Board of Directors' confirms that the Group is fully complying with.

(a) This caption refers to a loan obtained by Media Zoom from Banco BPI, SA, to finance the acquisition of Solo's share capital and a participation of 30.65% in SIC (Note 8). At 31 December 2005 this loan bears semi-annual interest at the Euribor rate at six months plus a spread of 2% and is repayable in 38 semi-annual and successive instalments, being the first instalment due in 30 June 2006. The repayment plan is as follows:

2006	2,377,050
2007	2,852,460
2008	3,803,278
2009	3,803,278
2010	4,754,098
2011	4,754,098
2012 and subsequent years	122,655,738
	142,622,950
	145,000,000

As guarantee of the full repayment of this loan, at 31 December 2005 the Group subscribed a blank promissory note and, additionally, Media Zoom and Solo pledged shares representative of 49% of SIC's share capital (Note 33).

In addition, Media Zoom and Impresa assumed various covenants, related essentially to the acquisition and sale of assets and with dividends distribution.

(b) In November 1999 the Group entered into a loan agreement with Caixa Geral de Depósitos, S.A., by the initial amount of 54,867,769 Euros.

The financing contract related to this loan had originally defined certain covenants, which were suspended in 2001 by agreement with Caixa Geral de Depósitos, S.A., and have been reformulated in 2005 with the signature of an addenda to that contract.

(Amounts stated in Euros)

During the second half of 2004, the Group restructured the debt, through an addenda to the contract with Caixa Geral de Depósitos, S.A., resulting the following plan of reimbursement:

2006	2,500,000
2007	3,000,000
2008	4,000,000
2009	4,000,000
2010	5,000,000
2011	5,000,000
2012	5,000,000
	26,000,000
	28,500,000

This loan bears semi-annual interest at the Euribor rate at six months plus a spread of 1.25%.

As guarantee of the full repayment of this loan, at 31 December 2005, Soicom maintains the pledge of shares representative of 51% of SIC's share capital and Impresa maintains the pledge of shares representative of 100% of Soincom's share capital (Note 33).

(c) This caption relates to a commercial paper issuance subscribed on 24 October 2005 for an amount of 15,000,000 Euros, for a period of six months automatically renewable. At 31 December 2005, this issuance bears interest at the rate of 2.719%. This issuance was made under a commercial paper program with a duration period of three years, ending at 24 October 2008.

(d) This caption relates to a bank loan obtained by Controljornal in 10 October 2005 from Banco Comercial Português, SA, amounting to 10,000,000 Euros.

This loan bears semi-annual interest at the Euribor rate at six months plus a spread of 1.5%, with the following repayment plan:

2007	2,500,000
2008	2,500,000
2009	2,500,000
2010	2,500,000
	10,000,000

As guarantee of the full repayment of this loan, at 31 December 2005, Controljornal maintains the pledge of shares representative of 51% of Sojornal's share capital (Note 33).

(e) This caption relates to a 7 years loan contracted to support treasury. At 31 December 2005 this loan bears interest at the Euribor rate at six months plus a spread of 0.875%.

(f) This caption relates to a loan obtained by Edimpresa from Banco Espírito Santo and Banco Espírito Santo de Investimento, S.A., to acquire a participation. At 31 December 2005, this loan bears semi-annual interest at the Euribor rate at six months plus a spread of 2.5%. Related to this loan, the Company entered into an interest swap, under which that rate was fixed in 3.69%. This loan will be repaid in 13 semi-annual instalments, beginning at 15 December 2003.

(Amounts stated in Euros)

During the first half of 2005, Edimpresa restructured the debt trough an addenda to the initial contract with Banco Espírito Santo and Banco Espírito Santo de Investimento, S.A., under which the loan started to bear quarterly interest at the Euribor rate at three months plus a spread of 1.375% and the instalments start to be paid quarterly, thus resulting the following repayment plan:

2006	1,900,000
2007	2,200,000
2008	2,400,000
2009	450,000
	5,050,000
	6,950,000

As a guarantee of the full repayment of this loan, at 31 December 2005, Impresa maintains the pledge of quotas representative of 25.5% of Edimpresa's quota capital (Note 33).

This loan has covenants related with the additional debt and with the acquisition or sale of assets.

(g) This caption relates to a loan obtained by Sojornal at 31 December 2003 from Caixa Geral de Depósitos, S.A., for an amount of 7,500,000 Euros.

This loan bears interest at the EURIBOR rate at six months plus 1.5%. Interest will be paid every six months, and will be entirely reimbursed in June 30, 2006.

As a guarantee related with this loan, Sojornal has granted two buildings which have been valued by 9,500,000 Euros, and are recorded in Sojornal financial statements by 4,838,798 Euros (Notes 21 and 33).

(h) This caption relates to a bond loan issued by Controljornal in 17 June 2005, supported by Banco Comercial Português, S.A., for an amount of 5,000,000 Euros. This loan bears semi-annual interest at the Euribor rate at six months plus a spread of 0.875%, with repayment date on 21 June 2013.

(i) This caption relates to a bank loan obtained by Impresa in 22 December 2004 from Caixa Banco de Investimento, SA, amounting to 5,000,000 Euros.

This loan bears semi-annual interest at the Euribor rate at six months plus a spread of 1.25%, the first instalment having been paid at 22 June 2005. The repayment plan is as follows:

2006	1,500,000
2007	1,000,000
2008	1,000,000
2009	1,000,000
	3,000,000
	4,500,000

As a guarantee of the full repayment of this loan, at 31 December 2005, Soincom maintains the pledge of shares representative of 51% of SIC and Impresa maintains the pledge of shares representative of 100% of Soincom (Note 33).

(j) This caption includes a current account, reimbursable in 9 May 2006, automatic and successively renewable for periods of one year. At 31 December 2005 this loan bears interest at the Euribor rate at one month plus a spread of 0.5%.

(k) This caption refers to a loan obtained to finance the digitalization of the archive, for a six year period. At 31 December 2005 this loan bears interest at the Euribor rate at six months plus a spread of 0.875%.

(Amounts stated in Euros)

(l) This caption corresponds to current accounts obtained by Group companies, which bear interest at current market interest rates.

(m) Bank overdrafts bear interest at current market interest rates for similar operations.

29. SUPPLIERS AND ACCOUNTS PAYABLES

As of 31 December 2005 and 2004, these captions are made up as follows:

	31/12/2005		31-12-2004	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Suppliers, current account	29,248,723	-	26,475,014	-
Fixed assets suppliers:				
Financial leases	1,627,860	8,773,427	1,854,920	8,347,700
Other	839,691	20,674	275,764	-
	31,716,274	8,794,101	28,605,698	8,347,700

At 31 December 2005, SIC, Office Share and Edimpresa had responsibilities towards leasing companies in regard of future rents of 3,752,845 Euros, 6,584,953 Euros and 63,489 Euros, respectively, which are due as follows:

	Principal	Interest	Total
2006	1,627,860	323,582	1,951,442
	1,627,860	323,582	1,951,442
2007	1,480,642	259,202	1,739,844
2008	678,505	221,592	900,097
2009	640,189	199,911	840,099
20010	640,904	179,858	820,762
2011 a 2018	5,333,187	1,318,778	6,651,965
	8,773,427	2,179,341	10,952,767
	10,401,287	2,502,923	12,904,209

Liabilities related with leasing contracts refer essentially to the head office building of Office Share, which do not include contingent rents, but includes purchase options at market value.

(Amounts stated in Euros)

30. OTHER CURRENT LIABILITIES

As of 31 December 2005 and 2004, this caption is made up as follows:

	31-12-2005	31-12-2004
State and other public entities:		
Value Added Tax	3,036,455	6,505,217
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	1,538,906	1,545,852
Personnel Income Tax withholdings	2,482,109	1,459,414
Social security contributions	1,491,309	1,595,892
Corporate Income Tax (a)	543,132	263,090
Other taxes	19,614	10,039
	9,111,525	11,379,504
Accrued expenses:		
Vacation pay and bonuses	7,486,823	7,884,297
Rappel payable	1,169,227	256,085
Bonuses and overtime	2,877,487	6,232,867
Expenses with production of television programs (b)	814,116	862,933
Author copyrights (c)	495,419	824,729
Commissions	50,338	80,183
Volume rebates	236,827	614,486
Royalties	189,116	343,776
Interest expenses	-	60,239
Barter transactions	150,971	-
Surplus	104,881	-
Expenses with production of magazines, newspapers and other products	306,917	584,744
Communication expenses	131,858	230,924
Interest rate swap (Note 32)	31,924	90,711
Cooperation expenses	32,473	-
Other expenses	2,516,716	2,596,303
	16,595,093	20,662,277
Deferred income:		
Anticipated invoicing (d)	1,745,743	964,997
Magazines and newspapers subscriptions	799,040	686,458
Investment subsidies (e)	160,328	183,535
Rights	151,620	151,620
Other deferred income	2,711,794	2,389,112
	5,568,525	4,375,722
Other liabilities	2,391,136	1,948,692
	33,666,279	38,366,195

(a) The amount of corporate tax to pay is made up as follows:

	31-12-2005	31-12-2004
Income tax for the year (Note16.b))	1,928,161	1,328,208
Payments on account	(1,019,746)	(864,113)
Withholding taxes	(365,283)	(196,774)
Others	-	(4,231)
	543,132	263,090

(b) This caption refers essentially to expenses incurred by programs and information departments of SIC, related to programs already exhibited, whose correspondent invoices have not yet been received.

(c) This caption represents liabilities towards Sociedade Portuguesa de Autores, C.R.L. within the current activity of SIC. Pursuant the terms of the contract entered into with that entity representative of the authors, the Company must pay a monthly consideration correspondent to an established percentage of advertisement invoicing, net of discounts.

(d) This caption refers essentially to advertisement invoiced to customers as of the balance sheet date, which will be broadcasted during the year 2006.

(Amounts stated in Euros)

(e) Investment subsidies were obtained by Imprejornal and are meant to the acquisition of graphic equipment and to the installation of a quality laboratory. Subsidies are recognized in the profit and loss statement in the period correspondent to the depreciation of the equipment and of the quality laboratory which were subsidized.

31. PROVISIONS, ADJUSTMENTS AND ACCUMULATED IMPAIRMENT LOSSES

During the years ended 31 December 2005 and 2004, the movements in provisions, adjustments and accumulated impairment losses are as follows:

31 December 2005:

	Financial investments impairment losses (Note 20)	Loans conceded impairment losses (Note 20.a))	Investment properties impairment losses (Note 21)	Accounts receivables impairment losses (Notes 23 and 24)	Decrease of broadcasting rights and inventories net realizable value (Note 22)	Provisions for other risks and charges
Balances at 31 December 2004	1,507,115	1,091,825	-	6,368,605	2,081,596	3,618,035
Increases	35,348	-	64,746	1,401,867	2,025,807	1,568,021
Utilizations	(50,000)	-	-	(1,071,111)	(1,628,813)	(386,158)
Transfers	-	-	-	-	-	-
Decreases/regularizations	(154,738)	-	-	-	(35,361)	(590,831)
Balances at 31 December 2005	1,337,725	1,091,825	64,746	6,699,361	2,443,229	4,209,067

31 December 2004:

	Financial investments impairment losses (Note 20)	Loans conceded impairment losses (Note 20.a))	Investment properties impairment losses (Note 21)	Accounts receivables impairment losses (Notes 23 and 24)	Decrease of broadcasting rights and inventories net realizable value (Note 22)	Provisions for other risks and charges	
						Others	Financial investments
Balances at 1 January 2004	1,498,386	-	-	6,112,055	2,485,317	4,970,891	674,224
Conversion adjustments into IFRS	6,234	-	-	-	-	(5,725)	-
Restated balances at 1 January 2004	1,504,620	-	-	6,112,055	2,485,317	4,965,166	674,224
Changes in consolidation perimeter	-	-	-	(916,532)	(941,921)	(567,482)	-
Equity method impact	-	-	-	-	-	-	1,437
Increases	2,495	842,683	-	1,911,712	1,655,772	759,659	-
Utilizations	-	(426,519)	-	(10,114)	(286,748)	(1,452,731)	-
Transfers		675,661	-	(557,128)	557,128	-	(675,661)
Decreases/regularizations	-	-	-	(171,388)	(1,387,952)	(86,577)	-
Balances at 31 December 2004	1,507,115	1,091,825	-	6,368,605	2,081,596	3,618,035	-

Assets are presented net of impairment losses.

As of 31 December 2005, the detail of provisions for other risks and charges is as follows:

Nature	Amount claimed	Amount provisioned
Legal actions	1,880,501	377,186
Labour	4,237,739	962,224
Abuse of freedom of expression	8,368,391	751,146
Penalties arising from the advertisement activity	6,397,529	808,281
Others	3,339,448	1,310,230
	24,223,608	4,209,067

As of 31 December 2005, there are several lawsuits against the Group in progress, claimed by third parties, whose amounts and final outcome at year end are still unknown. Additionally, the competition authority (“Autoridade de Concorrência”) has filed a complaint against the Group, from which may result a penalty that may arise to 10% of total revenue of the previous year, in case the arguments of the entity are proven, what the Group management understands has no grounds.

It is the opinion of the Board of Directors and of the Group’s legal advisors that from the lawsuits brought against the Group will not result significant contingencies not covered by provisions recorded in the consolidate financial statements as of 31 December 2005.

(Amounts stated in Euros)

32. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2005 and 2004, the detail of derivative financial instruments is as follows:

	31-12-2005	31-12-2004
Exchange rate forward (Note 24)	76,068	-
Interest rate swap (Note 30)	(31,924)	(90,711)
	44,144	(90,711)

Derivative financial instruments used by the Group existing at 31 December 2005 refer essentially to interest rate swaps (computed over a nominal value of 3,335,730 Euros and 4,145,940 Euros as of 31 December 2005 and 2004, respectively) and exchange rate forwards (computed over a nominal value of 12,574,142 Euros as 31 December 2005), contracted with the purpose of interest rate hedging over one syndicated loan and hedging over exchange rate fluctuations of suppliers accounts payables expressed in American dollars.

During the year ended 31 December 2005, the Group recorded in the consolidated profit and loss statement revenues of 78,068 Euros (Note 15) and 58,787 Euros (Note 15), resulting from the initial entry and from the changes of the fair value of the exchange rate forward and of the interest rate swap, respectively.

These interest and exchange rates derivatives are measure at its fair values, as of the balance sheet date, determined by evaluations made by financial institutions.

33. CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2005, guarantees given to third parties by Impresa, SIC and the remaining Group companies are as follows:

As of 31 December 2005, Media Zoom and Solo has pledged shares representative of 49% of SIC, to guarantee a loan obtained from Banco BPI, SA, to finance the acquisition of this subsidiary (Note 28.a)).

As of 31 December 2005, Impresa has pledged shares representative of 100% of Soincom to guarantee the loan obtained initially by this subsidiary from Caixa Geral de Depósitos, SA, which was transferred to Impresa in 2001, and to guarantee the loan obtained from Caixa Banco de Investimento; additionally, as guarantee of the referred loans Soincom has granted shares representative of 51% of SIC (Notes 28.b) and i)).

As of 31 December 2005, Controljornal has pledged shares representative of 51% of Sojornal to guarantee the loan obtained from Banco Comercial Português, S.A., (Notes 28.d) and h)).

As of 31 December 2005, Impresa has pledged quotas representative of 25.5% of Edimpresa to guarantee the loan obtained by Edimpresa from Banco Espírito Santo and Banco Espírito Santo de Investimento, S.A., (Note 28.f)).

As of 31 December 2005, Sojornal keeps a mortgage on plots of land to guarantee the loan obtained from Caixa Geral de Depósitos, S.A., (Note 28.g)).

As of 31 December 2005, bank guarantees given by SIC are as follows:

	31-12-2005	31-12-2004
Alta Autoridade para a Comunicação Social	2,495,192	2,495,192
Repartição de Finanças de Algés	1,772,543	1,715,219
Novimovest	1,320,600	1,224,750
Net TV	919,549	919,893
Câmara Municipal de Oeiras	548,678	548,678
IBM	283,329	283,329
	7,339,891	7,187,061

The guarantees given to Alta Autoridade para a Comunicação Social and to Net TV result from current legislation impositions to license new channels and broadcast television shows.

(Amounts stated in Euros)

The guarantees given to Repartição de Finanças de Algés are related to tax assessments made by tax authorities against SIC, which have been challenged by SIC.

The guarantee given to Câmara Municipal de Oeiras arises from the acquisition process of a plot of land next to SIC's premises.

The guarantee given to IBM is related to the acquisition of equipment by SIC under leasing contracts.

As of 31 December 2005, bank guarantees given by Edimpresa are as follows:

	31-12-2005	31-12-2004
Repartição de Finanças de Oeiras	1,200,000	1,200,000
Câmara Municipal de Oeiras	225,078	225,078
Governo Civil de Lisboa	186,608	189,313
Governo Civil do Porto	-	67,705
Other entities	-	24,050
	1,611,686	1,706,146

Guarantees given to "Serviços de Finanças de Oeiras" (tax authorities) were made to cover the additional liquidation of the income tax for the year of 1997 amounting to 856,765 Euros.

Guarantees given to Câmara Municipal de Oeiras were made to cover eventual damages caused by the execution of Edimpresa head office.

Guarantees given to Governo Civil de Lisboa and Porto derive from legal obligations related to the licensing process for the prizes granted by Edimpresa magazines.

As of 31 December 2005 and 2004 the remaining Group companies, namely, Sojornal and Medipress, had bank guarantees given, relating to their activity, amounting to, approximately, 793,327 Euros and 89,292 Euros, respectively.

34. COMMITMENTS ASSUMED AND NON-REFLECTED IN BALANCE SHEET

34.1 Pensions

Certain Group companies (Impresa, Sojornal, Medipress and Imprejornal) assumed to concede to employers and members of the Board of Directors that receive remuneration hired before 5 July 2003 pension rights. These pension payments are calculated based on a growing percentage of the number of service years made by the employee, applied to the salary table or a fixed percentage applied to the base salary, of the year 2002.

In 1987 the Company created an autonomous pension fund to which its responsibilities for the payment of pensions were transferred.

In accordance with an actuarial study performed by the entity managing the fund, the current value of the responsibilities of all of the companies above mentioned by past services of their effective and retired employees in 31 December 2005 was estimated in 5,770,783 Euros, being the value of the fund at that date of 6,391,200 Euros.

(Amounts stated in Euros)

The study was performed using the method designated “Projected Unit Credit” to calculate pensions for oldness and the method designated “Successive Unique Bonuses” to the calculation of disability pensions and considered, at that date, the following main assumptions, actuarial and technical basis:

	31/12/2005	31/12/2004
Annual rate of return on pension fund assets	6%	6%
Salary growth rate	0%	0%
Pensions growth rate	0%	0%
National minimum salary growth rate	4.50%	4.50%
Technical actuarial rate	4%	4%
Salary growth rate for purposes of calculation of Social Security pension	2%	2%
Actuarial tables:		
Mortality	TV 73/77	TV 73/77
Disability	EVK 80	EVK 80

During the years ended 31 December 2005 and 2004, the movement in the responsibilities was as follows:

	31-12-2005	31-12-2004
Present value of benefits obligations established at the beginning of the period	5,945,024	5,471,716
Paid benefits	(24,604)	(23,223)
Service cost	294,559	295,842
Interest expense	375,074	345,356
Actuarial gains, net	(819,270)	(144,667)
Present value of benefits obligations established at the end of the period	5,770,783	5,945,024

During the years ended 31 December 2005 and 2004, the movement in the value of plan assets was as follows:

	31-12-2005	31-12-2004
Plan assets at the beginning of the period	6,097,435	5,648,511
Contributions made	-	210,250
Paid benefits	(24,604)	(23,223)
Real return of plan assets	318,369	261,897
Plan assets at the end of the period	6,391,200	6,097,435

34.2 Commitments regarding the acquisition of programs

As of 31 December 2005 and 2004, the Company had contracts and arrangements with third parties for the acquisition of movies, series and other programs amounting to 15,595,329 Euros and 12,539,337 Euros, respectively, which are not included in the Company’s financial statements (Note 2.9)), as follows:

	31 December 2005					31 December 2004				
Nature	2006	2007	2008 and next	Undefined date	Total	2005	2006	2007 and next	Undefined date	Total
Co-productions	60,000	-	-	-	60,000	1,631,394	-	-	-	1,631,394
Sports	-	-	-	-	-	49,880	-	-	-	49,880
Reality Show	-	-	-	-	-	7,166	-	-	-	7,166
Entertainment	6,464,974	-	-	-	6,464,974	3,338,321	-	-	-	3,338,321
Movies	1,966,775	-	-	571,977	2,538,752	1,433,077	-	38,380	47,762	1,519,219
Format	736,225	-	-	-	736,225	1,752,947	-	-	-	1,752,947
Novels	-	-	-	-	-	34,575	-	-	-	34,575
Soap-operas	3,765,857	-	-	-	3,765,857	2,884,545	-	-	-	2,884,545
Children	95,056	-	-	61,244	156,300	195,280	-	-	-	195,280
Documentaries	150,208	-	-	5,951	156,159	158,205	61,823	-	5,951	225,979
Novels 60'	471,880	-	-	-	471,880	349,387	-	-	-	349,387
Exploration of rights	-	-	-	-	-	38,280	-	-	25,684	63,964
Other novels	10,000	-	-	-	10,000	-	-	-	-	-
WIldelife	683,890	401,412	-	149,880	1,235,182	167,004	-	-	319,676	486,680
	14,404,865	401,412	-	789,052	15,595,329	12,040,061	61,823	38,380	399,073	12,539,337

(Amounts stated in Euros)

	Year limit for the exhibition									
	31 December 2005					31 December 2004				
Nature	2006	2007	2008 and next	Undefined date	Total	2005	2006	2007 and next	Undefined date	Total
Co-productions	60,000	-	-	-	60,000	-	-	1,631,394	-	1,631,394
Sports						49,880	-	-	-	49,880
Reality Show						-	7,166	-	-	7,166
Entertainment	2,733,122	200,822	3,531,030	-	6,464,974	1,279,548	211,500	1,847,273	-	3,338,321
Movies	-	433,208	1,533,567	571,977	2,538,752	16,375	393,691	1,030,521	78,632	1,519,219
Format	736,225	-	-	-	736,225	728,565	1,024,382	-	-	1,752,947
Novels						30,082	4,493	-	-	34,575
Soap-operas	3,765,857	-	-	-	3,765,857	2,884,545	-	-	-	2,884,545
Children	-	49,034	46,022	61,244	156,300	-	111,669	83,611	-	195,280
Documentaries	88,385	61,823	-	5,951	156,159	24,111	61,823	134,094	5,951	225,979
Novels 60'	11,638	273,982	186,260	-	471,880	29,692	193,563	126,132	-	349,387
Exploration of rights	-	-	-	-	-	-	-	38,280	25,684	63,964
Other novels	-	6,000	4,000	-	10,000	-	-	-	-	-
Wlldelife	105,578	431,896	547,828	149,880	1,235,182	54,452	112,552	-	319,676	486,680
	7,500,805	1,456,765	5,848,707	789,052	15,595,329	5,097,250	2,120,839	4,891,305	429,943	12,539,337

34.3 Commitments regarding the acquisition of fixed assets

As of 31 December 2005 and 2004 the commitments assumed with the acquisition of fixed assets amount to 3,205,695 Euros and 384,260 Euros, respectively.

34.4 Operational leases

During the year ended 31 December 2004, SIC sold its head office building to an investment fund by the amount of 12,300,000 Euros, having additionally entered into a renting contract of that building for a period of 15 years, that establishes an annual rent of 816,500 Euros on the first year and 873,000 Euros for the remaining years, subject to annual reviews based on the inflation rate.

35. REMUNERATIONS OF THE MEMBERS OF THE BOARD

During the years ended 31 December 2005 and 2004, the remunerations of the members of the Board of Directors of Impresa to be paid by Impresa and the remaining Group companies amounted to 1,294,580 Euros and 2,214,084 Euros, respectively. The remunerations of Statutory Auditor in those years amounts to 39,500 Euros and 133,500 Euros, respectively.

36. RELATED PARTIES

As of 31 December 2005 balance and transactions with related parties were as follows:

	Balance			
	Current deposits	Accounts receivables	Accounts payable	Loans obtained
Impreger	-	-	-	-
Grupo BPI	13,133,254	193,600	-	145,000,000
Board of Directors	-	-	-	-
Sociedade Francisco Pinto Balsemão	-	-	-	-
Vasp	-	4,267,285	57,494	-
	13,133,254	4,460,885	57,494	145,000,000

	Transactions				
	Services obtained	Payroll expenses	Financial expenses	Sales and services rendered	Financial revenues
Impreger	44,892	-	-	-	-
Grupo BPI	-	-	5,492,375	316,125	191,394
Board of Directors	-	1,294,580	-	-	-
Sociedade Francisco Pinto Balsemão	786,540	-	-	-	-
Vasp	755,148	-	-	41,378,564	-
	1,586,580	1,294,580	5,492,375	41,694,689	191,394

Terms and conditions practiced by Impresa and related parties are substantially identical to the ones currently hired, accepted and practiced between independent entities and comparable operations.

Some shareholders of Impresa are financial institutions, with whom commercial agreements are established in the course of the normal Impresa's activity, with similar conditions to the ones currently agreed between independent entities. The operations developed within the scope of those commercial agreements respect essentially to advertisement services rendered by the Group and to the loan concession by those financial institutions. In the beginning of 2005, the Group acquired from BPI's Group 49% of SIC's share capital and obtained a loan of 152,000,000 Euros (Note 28) to finance that acquisition.

37. FIRST APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group adopted International Financial Reporting Standards in 2005, applying IFRS 1 – First time Adoption of International Financial Reporting Standards, the transition date for the purpose of these financial statements being 1 January 2004.

Details of the adjustments made to financial statements resulting from the conversion into International Financial Reporting Standards, are as follows:

Adjustments:

- Financial instruments:

Accordingly to IFRS, financial instruments held by the Group are recorded at their market value, being their variations recognized in equity or income, as a function of the existence or not of accounting hedging accordingly to the criteria established in IAS 39.

- Start-up and research and development costs:

Accordingly to IFRS, start-up costs are immediately recognized in the profit and loss when they occur. Accordingly to POC, start-up costs are initially recorded as intangible assets and amortized on a straight line basis.

Accordingly to IFRS, research costs of any project are immediately recorded in the profit and loss statement when they occur and development costs may be initially recorded as an asset and depreciated by a certain period of time, as long as it is possible to prove the existence of future economic benefits created by the project. Accordingly to POC, research and development costs may be initially recognized as an intangible asset and depreciated by a certain period of time, provided that the related project has been concluded.

- Goodwill amortization:

Accordingly to IFRS, goodwill resulting from the acquisition of financial investments is not amortized, being subject to periodic analysis of impairment. Accordingly to POC, goodwill is amortized on a straight line basis, being as well subject to periodic analysis of impairment. IFRS 1 established for the purpose of the application of this rule that the transition date is 1 January 2004, thus the related adjustment comprises only the reversal of amortization recorded after that date.

- Reclassifications:

- Minority interests are included under equity;

- Investment properties are presented separately in the balance sheet;

- Inventories are classified as current and non-current, depending on the moment they are estimated to be realized;

- Various natures of items, accounted previously in deferred expenses are reclassified to other accounts of assets and liabilities;

- Reclassification of extraordinary costs and income are reclassified into other captions of the profit and loss statement;

- Reclassification of broadcasting expenses from supplies and external services to cost of sales.

(Amounts stated in Euros)

The effect in the balance sheets as of 1 January 2004 and 31 December 2004, of the restatement from POC to IFRS financial statements is a follows:

1 January 2004:

	1 January 2004		
ASSETS	POC	Adjustments of restatement to IFRS	IFRS
NON CURRENT ASSETS			
Consolidation differences	163,400,917	-	163,400,917
Other intangible assets	3,207,598	(2,168,916)	1,038,682
Tangible fixed assets	73,485,227	(8,763,675)	64,721,552
Financial investments	3,154,097	(6,234)	3,147,863
Investments properties	-	10,350,565	10,350,565
Inventories and broadcasting programs rights	-	26,622,904	26,622,904
Deffered taxes	17,666,398	820,361	18,486,759
Total of non current assets	260,914,237	26,855,005	287,769,242
CURRENT ASSETS			
Inventories and broadcasting programs rights	38,226,945	(11,097,801)	27,129,144
Customers and accounts receivables	52,225,562	4,214,113	56,439,675
Other current assets	28,978,584	(24,758,346)	4,220,238
Cash ans cash equivalents	21,032,649	-	21,032,649
Total of current assets	140,463,740	(31,642,034)	108,821,706
TOTAL OF ASSETS	401,377,977	(4,787,029)	396,590,948

	1 January 2004		
EQUITY, MINORITY INTEREST AND LIABILITIES	POC	Adjustments of restatement to IFRS	IFRS
EQUITY:			
Equity	84,000,000	-	84,000,000
Share issuance premium	97,902,257	-	97,902,257
Legal reserve	281,051	-	281,051
Retained earnings and other reserves	(86,530,366)	(1,315,702)	(87,846,068)
Net result	-	-	-
Equity attributable to majority shareholders	95,652,942	(1,315,702)	94,337,240
Equity attributable to minority interests	-	14,624,088	14,624,088
TOTAL OF EQUITY	95,652,942	13,308,386	108,961,328
MINORITY INTERESTS	15,699,543	(15,699,543)	-
LIABILITIES:			
NON CURRENT LIABILITIES:			
Obtained loans	120,307,377	(716,242)	119,591,135
Suplliers and accounts payables	15,879,102	192,099	16,071,201
Provisions	5,645,115	(5,725)	5,639,390
Deffered taxes	-	75,811	75,811
Total of non current liabilities	141,831,594	(454,057)	141,377,537
CURRENT LIABILITIES:			
Obtained loans	49,787,936	(398,943)	49,388,993
Suplliers and accounts payables	50,481,120	273,229	50,754,349
Other current liabilities	47,924,842	(1,816,101)	46,108,741
Total of current liabilities	148,193,898	(1,941,815)	146,252,083
TOTAL OF EQUITY, MINORITY INTEREST AND LIABILITIES	401,377,977	(4,787,029)	396,590,948

(Amounts stated in Euros)

31 December 2004:

ASSETS	31 December 2004 POC	Adjustments of restatement to IFRS	IFRS
NON CURRENT ASSETS			
Consolidation differences	143,475,480	10,349,642	153,825,122
Other intangible assets	1,830,378	(1,096,885)	733,493
Tangible fixed assets	46,828,791	(11,781,693)	35,047,098
Financial investments	2,737,421	296,872	3,034,293
Investments properties	-	11,447,236	11,447,236
Inventories and broadcasting programs rights	-	20,370,225	20,370,225
Deffered taxes	11,415,909	492,484	11,908,393
Total of non current assets	206,287,979	30,077,881	236,365,860
CURRENT ASSETS			
Inventories and broadcasting programs rights	35,239,884	(13,930,746)	21,309,138
Customers and accounts receivables	40,379,790	1,965,157	42,344,947
Other current assets	16,596,744	(10,467,344)	6,129,400
Cash ans cash equivalents	20,895,753	-	20,895,753
Total of current assets	113,112,171	(22,432,933)	90,679,238
TOTAL OF ASSETS	319,400,150	7,644,948	327,045,098

EQUITY, MINORITY INTEREST AND LIABILITIES	31 December 2004 POC	Adjustments of restatement to IFRS	IFRS
EQUITY:			
Equity	84,000,000	-	84,000,000
Share issuance premium	97,902,257	-	97,902,257
Legal reserve	281,051	-	281,051
Retained earnings and other reserves	(86,530,366)	(1,315,910)	(87,846,276)
Net result	6,210,579	11,119,084	17,329,663
Equity attributable to majority shareholders	101,863,521	9,803,174	111,666,695
Equity attributable to minority interests	-	23,928,032	23,928,032
TOTAL OF EQUITY	101,863,521	33,731,206	135,594,727
MINORITY INTERESTS	24,553,205	(24,553,205)	-
LIABILITIES:			
NON CURRENT LIABILITIES:			
Obtained loans	95,585,503	(490,008)	95,095,495
Suplliers and accounts payables	8,178,552	169,148	8,347,700
Provisions	3,618,035	-	3,618,035
Defferes taxes	-	-	
Total of non current liabilities	107,382,090	(320,860)	107,061,230
CURRENT LIABILITIES:			
Obtained loans	17,496,830	(79,583)	17,417,247
Suplliers and accounts payables	27,995,590	610,107	28,605,697
Other current liabilities	40,108,914	(1,742,717)	38,366,197
Total of current liabilities	85,601,334	(1,212,193)	84,389,141
TOTAL OF EQUITY, MINORITY INTEREST AND LIABILITIES	319,400,150	7,644,948	327,045,098

(Amounts stated in Euros)

Details of the adjustments made to equity as of 1 January 2004 and 31 December 2004, to convert the previously issued financial statements into International Financial Reporting Standards, are as follows:

	Adjustments of restatment to IFRS		
	Equity attributable to majority shareholders	Equity attributable to minority interests	Total
Equity as of 1 January 2004 (POC)	95,652,942	15,699,543	111,352,485
Ajustments of transition to IFRS:			
Swap contract recorded at fair value	(97,098)	(97,098)	(194,196)
Reversal of start-up costs and other intangibles	(2,209,318)	(794,406)	(3,003,724)
Other adjustments, net	250,961	(188,756)	62,205
Deferred taxes relating to previous adjustments	739,753	4,805	744,558
Equity as of 1 January 2004 (IFRS)	94,337,240	14,624,088	108,961,328
Equity as of 31 December 2004 (POC)	101,863,521	24,553,205	126,416,726
Ajustments of transition to IFRS:			
Transition adjustments as of 1 January 2004	(1,315,702)	(1,075,455)	(2,391,157)
Reversal of start-up costs depreciation and other intangibles	1,001,243	271,146	1,272,389
Reversal of goodwill amortization	10,349,643	-	10,349,643
Other adjustments, net	(232,010)	179,136	(52,874)
Equity as of 31 December 2004 (IFRS)	111,666,695	23,928,032	135,594,727

(Amounts stated in Euros)

The effect on the income statement for the year ended 31 December 2004 of the restatement from POC into IFRS is a follows:

	31 December 2004		
	POC	Adjustments of restatement to IFRS	IFRS
OPERATING REVENUE			
Sales	40,617,651	-	40,617,651
Services rendered	216,099,389	(3,289,263)	212,810,126
Other operating revenue	2,051,962	785,149	2,837,111
Total operating revenue	258,769,002	(2,504,114)	256,264,888
OPERATING EXPENSES			
Cost of programs broadcast and goods sold	(71,147,917)	(12,601,426)	(83,749,343)
Supplies and services	(68,762,063)	12,907,203	(55,854,860)
Payroll expenses	(60,159,746)	-	(60,159,746)
Amortisation and depreciation	(22,592,721)	11,404,612	(11,188,109)
Provisions and impairment losses	(4,327,143)	3,567,484	(759,659)
Other operating expenses	(936,364)	(2,010,538)	(2,946,902)
Total operating expenses	(227,925,954)	13,267,335	(214,658,619)
Operating profit	30,843,048	10,763,221	41,606,269
FINANCIAL EXPENSES			
Gain and loss on associates	1,050,039	305,603	1,355,642
Other financial expenses	(12,723,177)	4,903,598	(7,819,579)
Other financial revenues	2,545,095	(1,805,656)	739,439
	(9,128,043)	3,403,545	(5,724,498)
EXTRAORDINARY RESULTS	2,341,464	(2,341,464)	-
Profit before tax	24,056,469	11,825,302	35,881,771
Income tax expense	(7,251,760)	(256,879)	(7,508,639)
Consolidated profit before tax	16,804,709	11,568,423	28,373,132
Attributable to:			
Shareholders of the parent company	6,210,579	11,119,084	17,329,663
Minority interest	10,594,130	449,339	11,043,469

Details of the adjustments made to net result as of 31 December 2004, to restate the previously issued financial statements to International Financial Reporting Standards, are as follows:

	Adjustments of restatement to IFRS		
	Net result attributable to majority shareholders	Net result attributable to minority interests	Total
Net result as of 31 December 2004 (POC)	6,210,579	10,594,130	16,804,709
Adjustments of restatment to IFRS:			
Reversal of start-up costs depreciation and other intangibles	1,001,243	271,146	1,272,389
Reversal of goodwill amortization	10,349,643	-	10,349,643
Other adjustments, net	(231,802)	178,193	(53,609)
Net result as of 31 December 2004 (IFRS)	17,329,663	11,043,469	28,373,132

38. SUBSEQUENT EVENTS

As of January 2006, the Group sold the investments in Morena Films and Net TV, recorded under the caption “Investments in associated companies”. These sales were made by the net value evidenced in financial statements as of 31 December 2005.

As of January 2006, the associated company Controljornal changed its social designation to Impresa Jornais – Sociedade Gestora de Participações Sociais, S.A..

39. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese. In case of discrepancies, original version, in Portuguese, prevails.

THE ACCOUNTANT THE BOARD OF DIRECTORS

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

IMPRESA – SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2005 TOGETHER WITH STATUTORY AUDITORS' REPORT

March 2006

<u>STATUTORY AUDITORS' REPORT</u>
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>

(Translation of a report originally issued in Portuguese)

Introduction

1. In accordance with the applicable legislation we present our Statutory Auditors' Report on the consolidated financial information contained in the Board of Directors' Report and the consolidated financial statements of Impresa - Sociedade Gestora de Participações Sociais, S.A. ("the Company") and subsidiaries ("the Group") for the year ended 31 December 2005, which comprise the consolidated balance sheet as of 31 December 2005, that presents total assets of 450,299,733 Euros and shareholders' equity of 137,135,520 Euros, including a consolidated net profit attributable to the shareholders of 22,007,629 Euros, the consolidated statements of profit and loss, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and the corresponding notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated financial statements that present a true and fair view of the financial position of the companies included in the consolidation, the consolidated results of their operations, their consolidated cash flows and their consolidated statement of changes in equity; (ii) the preparation of historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union (IAS/ IFRS) and which is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate system of internal control and (iv) the disclosure of any significant facts that have influenced the operations of the companies included in the consolidation, their financial position and results of operations.

3. Our responsibility is to audit the financial information contained in the accounting documents referred to above, including verifying that, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Portuguese Securities Market Code, and to issue a professional and independent report based on our work.

Scope

4. Our audit was performed in accordance with the Auditing Standards ("*Normas Técnicas e as Directrizes de Revisão/Auditoria*") issued by the Portuguese Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas*"), which require that the audit be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated financial statements and assessing the significant estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. An audit also includes verifying the consolidation procedures and that the financial statements of the companies included in the consolidation have been appropriately audited, assessing the adequacy of the accounting policies used, their uniform application and their disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated financial statements and assessing if, in all material respects, the consolidated financial information is complete, true, timely, clear, objective and licit. An audit also includes verifying that the consolidated financial information included in the consolidated Board of Directors' Report is consistent with the consolidated financial statements. We believe that our audit provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated financial statements referred to in paragraph 1 above, present true and fairly in all material respects, the consolidated financial position of Impresa - Sociedade Gestora de Participações Sociais, S.A. and subsidiaries as of 31 December 2005 and the consolidated results of its operations and its consolidated cash flows and the changes in equity for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the financial information contained therein is, in terms of the definitions included in the auditing standards referred to in paragraph 4 above, complete, true, timely, clear, objective and licit.

Emphasis

6. As disclosed in Note 2.1 to the accompanying consolidated financial statements, the Company presented, for the first time in 2005, consolidated financial statements prepared according to International Financial Reporting Standards as adopted by the European Union (IAS/IFRS). The Company applied the dispositions of IFRS 1 - First-time Adoption of International Financial Reporting Standards, in the transition process from Portuguese Accounting Standards (POC) to IFRS. Accordingly, the transition date for IFRS was 1 January 2004 and the financial information reported to this date and for the year 2004, previously presented according to POC, was restated to IFRS for comparative purposes. In the preparation of the consolidated financial statements, the Company applied the provisions of IAS 1- Presentation of Financial Statements, and in Note 37, the Company discloses additional information related with the transition process, as required by the International Financial Reporting Standards as adopted by the European Union.

7. Our statutory auditors' report dated 7 March 2005, on the consolidated financial statements of the Company as of 31 December 2004, prepared in accordance with the accounting standards previously adopted (POC), includes an emphasis regarding the realisation of goodwill recorded relating to the acquisition of the principal subsidiary, which is no longer applicable to the financial statements as of 31 December 2005.

Lisbon, 9 March 2006

DELOITTE & ASSOCIADOS, SROC S.A.
Represented by Paulo Jorge Duarte Gil Galvão André

SOCIAL RESPONSIBILITY

Aware of its social responsibility as a company, all the more because its specific business is conducted in the media domain, the Group IMPRESA takes initiatives both externally and internally that reflects its concerns and stand for the values to which it gives pride of place, such as the following:

- Preservation and defence of the environment;
- The building of relationships with its stakeholders, such as local communities and society in general;
- Investing more in human capital in all of its aspects.

After having introduced this subject for the first time in our annual report for 2004, we will now highlight our most important initiatives in 2005.

A. At the external level

Over the years, the main communication resources of the IMPRESA group have come to provide benefits to society in various areas.

1. At the institutional level, the following initiatives deserve mention:

- Launch of the 1st National Championship of the Portuguese Language, as to increase the awareness and knowledge of Portuguese language. With 16,454 participants, it proved to be an unqualified success. The 2nd championship started up already in 2006, with many more participants.

- The publication and launch of the DVD "2004 EM REVISTA ", with approximately one million copies distributed free with Group IMPRESA publications, and offered to schools in Portugal and institutions abroad. This is a roundup of the most significant domestic and international events of the year, with more than 1,500 videos, 1,000 photographs and 5,000 articles published by the group IMPRESA.

- Expresso's publication of Don Quixote de la Mancha, with illustrations by Júlio Pomar

- The launch of the monthly "Visão" for the blind ("Visão Braille")

2. Also important were the prizes awarded by the various media with the aim of honouring individuals who had made an important contribution to social development

In the press area

Expresso

- The Pessoa Prize
- The "Sagres Milénio" Prize
- The "Branquinho da Fonseca" Prize
- The "Primus Inter Pare"s Prize
- Management Games "Jogos de Gestão"

Visão

- Visão Photojournalism Prize

Activa

- The "Activa Woman" Prize

Exame

- Prizes: The 500 Best and Biggest companies
- The 1,000 Best Small and Medium-sized Enterprises;
- The Best Companies to work for in Portugal
- Conference: "Portugal under the Exame"

Autosport

- Car of the Year Trophy

All of our titles in the press area gave free space on a regular basis to initiatives of social solidarity promoted by worthy entities. We offer a 50% discount on our advertising price list for cultural events and shows.

In the Television area

- SIC Grand Prix Boavista, a historical race which has returned to the city of Oporto, which SIC covered through broadcasts of bullfights on SIC Notícias.
- SIC also gave the Portuguese people the opportunity to speak about their soul mates, with a tour through 25 locations from north to south, taking advantage of the promotion of the TV soap that made its debut at year end 2005.
- At Christmas, for the second year in succession, SIC brought the nation the magic of seeing the Millennium BCP/SIC Christmas Tree, the biggest in Europe, this time at Terreiro do Paço.
- With the aim of supporting the diffusion and promotion of the Portuguese language, SIC signed a protocol with the Instituto Camões, along with RTP and TVI.

Under this protocol, the television operators commit themselves to providing programs in the Portuguese language to the cultural centres of the Portuguese embassies and the Portuguese language centres scattered throughout Africa, Europe, America and Asia, thus enabling them to achieve the above-mentioned goal.

- SIC supplied 11 DVD's containing the recording of 11 programs of the "Laboratory" series, 16 programs of the "Oriente" series, and 62 programs of the "Páginas Soltas" series, intended for the lectures of the Seminary of Portuguese Culture of the Portuguese Cultural Centre in Paris.

Pursuing its policy of catering to the television viewer SIC continued to organize the visits of student groups to its studios; it received 1,364 visitors from 53 institutions, which included primary and secondary schools and associations.

In the course of the year, we broadcast ninety campaigns of a humanitarian and/or cultural nature free of charge, totalling some twelve hours of air time.

SIC Esperança Activities

By donating commercial space, SIC has contributed over the years to the success of promotional and fund-raising campaigns of various institutions of social cohesion. These initiatives address the most diverse areas: from health to culture, environmental and civic issues. Apart from television spots, this collaboration has taken many other forms, including the tackling of social issues developed in TV soaps and the publishing of legal proceedings in reports and/or programs, with tangible results achieved through the cooperation of TV viewers.

The SIC Esperança project was launched on October 6, 2003, with the aim of consolidating the initiatives taken by the various areas of the SIC universe in support of social cohesion, bringing forth a concentration of efforts whenever a major issue needed to be tackled.

Through the development of specific projects, within the context of this issue of the year, SIC Esperança intends to make a strong and consistent contribution to the creation of awareness of social problems affecting Portugal, and their solutions, while encouraging companies to participate in building a better Portugal and to pass on the values associated with SIC.

SIC Esperança differs from other associations and projects of social cohesion in three distinct ways:

- It follows up on projects to assure patrons that their funds are well spent and show their images in a positive light, thereby increasing the confidence of the Portuguese people in social cohesion, and assuring them that the money is spent for the right purposes and applied to worthy projects.
- The convergence of social awareness and social marketing, in order to create value for both the private sector and society..
- Addressing social causes in a positive way, to avoid exploitation of the human condition.

In 2005, SIC Esperança addressed the subject of old age, with the aim of increasing the public’s awareness of this issue and of assisting in the resolution of the problems that most afflict this segment of the population, namely isolation and solitude.

A smile has no age: Learn and Live Together

This project envisaged the creation of a network of universities for the elderly, in the following stages:

1. The creation of a universities network for the elderly (RUTIS), with the following aims:

    - To create a centre from which to encourage activities for the elderly;
    - To create a venue for the exchange of experiences;
    - To be a source of news;
    - To promote voluntary works.

By year end, 60 universities out of the 80 in the country had joined this network. Of these, 15 were created in 2005, with the intervention of RUTIS and SIC Esperança.

2. Development of the www.rutis.org website, with C.I.T.I., New University of Lisbon. This partnership was the fruit of an intergenerational endeavour in which the "young" students were required to appreciate the needs of the "older students". The site was presented to the university and the press in March.

3. We set up a partnership with Âmbar to supply school materials for subscribing universities. This will provide 6,000 students with school materials and books appropriate to this age group.

4. Setting up a partnership with PT to bring the internet and VOIP to the RUTIS University, which now awaits confirmation for the implementation dates. Its also being considered the creation of a partnership for the supply of hardware.

5. At the same time, we provided a number of entertainments to elderly university students, such as visits to the biggest Christmas tree in Europe, Sweethearts' Day, etc. This project was sponsored by Maria João Ruela and José Figueiras.

Our approach to this teaching concept has attracted the attention of companies and of the government, to the extent that the Minister of Social Security expressed the wish that RUTIS should take charge of the validation of the universities for the elderly, whereby they could be given recognition and qualify for state support. Moreover, the

President of the Republic Office the organized a one-day event devoted to extolling the benefits of an active old age and recommended RUTIS as an example to follow.

A smile has no age: let's give a hand to the grandparents

We raised 45,000 euros for the Millennium BCP/SIC Christmas Tree project. This fund-raising resulted from initiatives taken by BP and CTT. Half of the money was used to finance Rutis in its first year, while the other half will be used as follows:

- Making the dreams of 46 users in greater Lisbon come true through the Coração Amarelo association.

- Purchase of metal containers to widen the area covered by Meals on Wheels in the Coimbra region, with the National Association of Assistance to the Elderly
- Supply of 1,700 lap rugs originating from Optimus Open Air to 21 homes in the Alentejo region.

"Let's Paint a Smile" campaign

We also completed the "Let's Paint a Smile" project in 2005, with the painting and bightening up of ten departments in the Maria Pia Children's hospital in Oporto.

Other campaigns

Following the publication of Visao's, "Portugal pelos cães" (Portugal loves its dogs), the proceeds of which were devoted to abandoned animals, 10,000 tons of food were distributed, through SIC Esperança, to associations that provide shelter to abandoned dogs.

Anti-smoking campaigns, especially those targeted at young people, were widely promoted. And in the context of road safety, we led campaigns to promote careful driving.

We gave special attention to the following institutions:

- Banco Alimentar contra a Fome (food bank against hunger)
- Caritas Portuguesa,

- AMI,
- Espaço T,
- Cedema,
- Fenacerci,
- Unicef,
- APPT21,
- A.P. Leucemia,
- Liga Portuguesa Contra o Cancro, (Portuguese cancer society)
- Fundação Portuguesa de Cardiologia (Portuguese cardiology foundation)
- Associação Mãos Unidas Padre Damião

Music Festivals

Music festivals received attention as always. Among these we would mention the International Music Festival of Póvoa de Varzim", the Youth Festival of Esposende Council, Spring Festival and the Autumn Festival, both organized by the Botanical Gardens of Ajuda and the now traditional Music Festival at S.Rogue, organized by SCM of Lisbon.

Cultural domain

In the cultural domain, we promoted the Expolingua campaigns; Festival RIR 2005; the Young Creators competition of Clube Português de Artes e Ideias and the Belém Palace Exhibition organized by the President of the Republic office.

In 2006, SIC Esperança's central theme will be the environment. This will be approached on three levels:

1. The promotion and instruction in good environmental practice, using the screens of the SIC organization to show how to carry it out and what it means to have respect for the environment.
2. Financing of specific projects in the environmental domain.
3. The implementation of good environmental practices at SIC, promoting recycling, re-use of and economy in the use of materials.

In 2006, SIC Esperança will also do more as the main sponsor of Rock in Rio-Lisboa, which means that all the money we raise and allocate to this social project will be used for projects on behalf of Portuguese children.

Relations with its STAKEHOLDERS

Set up in 2004, the development and institutional relations department rationalized and increased its interaction with various organizations and entities throughout the reporting year.

Strategic Goals

In light of the program of the new government and the agenda for legislation in the Media sector domain, which were announced as intended for prompt implementation, we found it necessary to redefine our strategic goals and give priority to initiatives at various levels:

1. <u>The Legislative Agenda</u>

1.1. Preliminary draft of law of the regulating entity for Media sector.
1.2. Bill on the concentration of Media sector and the related distribution segment.
1.3. Review of the Journalist Statute, to regulate the copyright law and to reassess the following:

- Conscience clause
- Editorial independence
- Binding powers of the editorial committees for the appointment and dismissal of management
- Professional confidential

2. Initiatives

2.1. Preliminary draft bill of the regulating entity for Media sector

Discussion and successive revisions required unremitting efforts with the Media companies Confederation, the Portuguese Press Association, the Journalists' Professional Committee, parliamentary groups, and even the Ministery overseeing the sector, with whom various meetings were held throughout the year.

We can take it that a positive result was reached, but purged of some contents, particularly the arbitration of conflicts with the journalist's copyright's, and the introduction of many others, with emphasis on the Advisory Committee, made up of organizations representing the operators and civil society.

2.2. Bill on Media Concentration

A proposal from the Bloco Esquerda party was known, and in the course of the year the government mentioned the need to legislate on this subject, but which has yet to occur.

2.3. Review of Journalist Statute

There were initial negotiations at the level of the Professional Committee, to which supervision of the discharge of duties and procedures of journalists would be entrusted; this was enshrined in article 14 of the statute. As a result of these negotiations, the clause on conscience and copyrights was withdrawn, all agreeing that discussion on these two issues, being important elements in employer-employee relations, should be conducted by the Media Confederation.

Also within the Confederation's remit, the discussion on the Statute was concluded at year end in every respect, except for copyrights. The greatest difficulties in negotiating with the government arose under this heading and in the course of various meetings it was not possible to reach agreement, since the positions held by that member of the government in charge of the negotiations put the future of media companies at risk.

Since the government's last proposal is still awaited, the matter will be carried over to 2006.

3. Initiatives with other associations

3.1 With APCT

- Changes in the regulation were approved.
- At the request of several associates and through the intermediary of the Portuguese Press Association, a call for Extraordinary General Meeting was requested, to discuss and vote on changes to the Statutes and to review the conditions and costs of inclusion of the regional press in the Association, in order to certify data for candidacies for incentives. The call to meeting was postponed to 2006.

- It was recommended that the sites of sister organizations in some European countries and the US to be studied, in order to assess how much information they provided and the ease of access to it, in order to renovate the site;

- The opinions of the main publishers were canvassed to see what information could be made available to the public or reserved for the associates;

- The layout of the note for information purposes was changed, in order to include information on block sales and sales abroad;

- A dossier with main requirements was set up and consultations were started on the construction of the new site.

3.2 CAEM

- Drafting of the new statutes was completed;

- With the rotation of the presidency of the Media Confederation, and since priority was given to discussions on the ERC law and the revision of the Journalist Statute, negotiations with APAN and APAP on the new constitution of CAEM suffered some delay.

The meetings were unable to reach a consensus on the new hierarchy and discussion was extended into the 2006.

3.3 Portuguese Press Associaiton

- We were able to delegate the actual handling of the journalists' CCT (journalists general labour contract) to an experienced lawyer;

- We followed in detail the definition of a negotiating strategy, the scheduling, and definition of the priorities of the articles to discuss.
  The negotiations, followed closely by human resource representatives of the media groups, continued throughout the year and it was necessary to extend them up to March, 2006 because the journalist union had found it difficult to attend all of the meetings scheduled.
  The year ended with some important clauses still remaining to be negotiated, due in part to the need to reconcile the contracts of the daily and non-daily press, whose differences delayed the negotiations.

- A listing was made of the new professional categories, in order to prepare renegotiations of the CCT of the non-journalists, which had not been updated since 1976, except as to its clauses on remuneration.

- As a result of prolonged negotiations, all major dailies owners entered the API, lending another dimension and greater weight to the Association.

- The amendments to the Statutes that needed to be made were approved:

- New quotas were approved, these now assigned to the companies and not to the titles as before;

3.4 Media Companies Confederation

The discussion ended and the main program bases and the respective developments of the common platform for news content were approved and signed.

- Under its jurisdiction and jointly with other organizations, the new law regulating the future of the Media Regulator were discussed.

- Discussions were held with the government proposals for revision of the Journalist Statute, particularly the articles on copyrights, but no agreement was reached on this subject.

- The draft regulatory decree on the cinema and audiovisual law was debated.

- There were objections to the attempt to impose another 0.5% tax on the agencies and the advertising agents in favour of the Consumer Institute. The matter is suspended.

- Discussion on the imposition of a certain minimum percentage for Portuguese music to be played on the radio.

3.5 General Labour Inspection

- The text of the protocol framework for the regulating internships at the editorial desks was completed, after negotiations with the Journalists' union.

3.6 At the Professional Journalist Committee

- Proposals for changes in the journalist statute, the regulation of the professional portfolio and the order on professional internships were presented to the government

- Elections were held and our representative retained his seat at the Executive-Secretary, in the name of the Portuguese Press Association.

3.7 At OBERCOM

- Throughout the year, were made several unsuccessful attempts to find a new management team. Meanwhile, at the General Meeting held on November 5th it was decided to leave the present management in office up to the end of March, 2006, at which time there will be a new general meeting to hold elections.

3.8 At the Expresso newspaper Network

- The session commemorating the 48th birthday of Jornal do Algarve was particularly well attended, as was well in a ceremony organized by the regional newspaper Mirante. Dr. Francisco Balsemão, our group Chairman gave a speech at each of these events.

- Meetings were held with representatives of the network to assess publishing joint ventures or commercial exploitation;

- A new team was appointed to supervise the network; a working party would meet in January, when new initiatives would be implemented, both at the newspapers and at internet, with the creation of a site providing non-stop news updates.

3.9 At the Portuguese Press Club

- Participation in the resumption of the club's activities, preparing the commemorations of 25th anniversary and other action programs to recover its earlier prominence;

- At the Grémio Literário, the fortnightly thematic conferences were relaunched, in partnership with the National Cultural Center. The first person to be invited was Dr. Francisco Balsemão, the chairman of our group.

3.10 ICAP

- After the visit of Mr. Theyssier, EASA director, to Portugal and his meeting with Dr. Francisco Balsemão, we start to pay closer attention to the relationship with EASA and to the guidelines left by that EASA director.

- We participated in the critical review and rejection of some self-regulation codes that certain entities had sought to impose on the advertising market;

- We discussed preparations for the elections that will take place in March of next year.

B. Internal level

Training

The 2005 training plan for group IMPRESA companies was prepared on the basis of the survey of needs that we conducted with those companies, setting objectives as to the areas in which training was needed, hours of training and the number of courses to run.

The various training programs exceeded 26,000 hours and covered more than 500 persons. This was an increase of approximately 70% over the numbers of employees trained in 2004.

Safety of personnel and buildings

We continued to implement various safety plans on a step-by-step basis; these have been followed in all of the buildings of the group.

Risk Management

To ensure continuity of production, we have alternative plans in place for printing the group's newspapers and magazines, in case there should be any breakdowns that might give rise to unexpected and prolonged interruptions in the operation of the printers normally used. As part of this process, we also made a survey to ensure the continuity of operations in the event of a breakdown in the IT systems. Reserve inventories of paper and ink are also held to ensure that printing can continue in the event of any unexpected interruption to the supply of these materials, which are imported. Relative to SIC's transmissions, we contemplate various alternative measures to ensure the continuity of same in the event of interruption.

Protection of the environment

Throughout the reporting year, we continued to implement our policy of cutting down on consumables, with satisfactory results. This was due to better IT and certain decisions, among which we can highlight the following:

- A substantial portion of internal data is sent by e-mail, by Intranet and other channels.
- E-mail is available to all group employees.
- A campaign is now under way to compel the use of e-mail rather than paper for inter-departmental or other communications and for the requisition of services, ranging from the company store to computer services.
- We conducted market surveys for the acquisition of software to control the circulation, authorization and electronic validation of documents, which will enable us to eliminate most of the office paper now consumed.
- Growing use of recycled paper, packaging and printing toners.

Professional Ethics

Apart from complying with legislative norms (Press Law, Television Law, Copyrights law, Journalist's Statute, Deontological Code, etc.) SIC, Expresso and Visão, the major media assets of the group, have their own reporting conduct codes which the remaining publications have adopt and adapt to fit their specific needs.

ANNEX ON CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

This report was organized along the lines foreseen in CMVM Regulation no. 7/2001, December 28th, in the drafting given by Regulations no.'s 11/2003, December 2 and 10/2005, November 18th and provides a summary of the main aspects of IMPRESA's practice with regard to corporate governance..

CHAPTER
DECLARATION OF COMPLIANCE

IMPRESA adopts the recommendations of the CMVM on the governance of companies, in the terms set forth in this report.

CHAPTER 1
DISCLOSURE

1. Functional structure

IMPRESA's activities are organized as those of a business group; the group's functional hierarchy and the allocation of functions between the different business units are defined by the executive committee, in accordance with the organization chart attached as Annex I.

The IMPRESA Group thus maintains a central hierarchy in support of the decision-making process of its business areas, with transversal competences that function side by side with the executive committee, whose competences are shown in Annex II. This central hierarchy is supported horizontally by the executive directors and/or the general managers of the respective business areas.

2. Specific Committees

Apart from the executive committee and the compensation committee mentioned in Chapter IV, no other specific committees have been set up at IMPRESA.

3. Risk control system

In addition to the consolidated control and management of the Group's business risks, the treatment and control of business risks at the level of the various business units are also of structural importance to IMPRESA.

At this level, mention should be made of the following aspects of risk control developed by the general financial department.

- the negotiation, contracting and management of bank financings to cover the Group's financial needs;
- centralized supervision through the appropriate financial instruments, with the aim of reducing interest rate and foreign exchange risks;
- supervision of insurance at Group level, in order to find the most appropriate solutions for the coverage of insurable risks.

In turn, at the level of the operating subsidiaries, and under the supervision of the department for institutional relations and development, the legislation applicable to the respective sector (TV Law, Press Law, AACS Law, Advertising Law, etc.) is followed closely in order to minimize the risks associated with non-compliance with prevailing legislation.

.Also at the subsidiary level, plans are drawn up and implemented for external occurrences that may have an impact on the current operations of the companies, specifically fires, production stoppages, transmission breaks, etc., with the aim of safeguarding assets and persons and to ensure, to the extent possible, the continuity of production both of newspapers and magazines and television.

4. Share capital

IMPRESA's shares have been listed on the Euronext/Lisbon official market since June 6th, 2000.

Events that may have influenced the share price of this company during fiscal 2005 were as follows:

1) March 7: Publication of 2004 earnings
2) April 6: Publication of 1st quarter earnings
3) July 25: Publication of 2nd quarter earnings
4) October 24: Publication of 3rd quarter results and downward revision of estimates for year end.

5. Dividend distribution policy

5.1. General aspects

In accordance with prevailing legislation, it is on the basis of IMPRESA's individual accounts that the year's earnings are allocated, the distribution of dividends in particular. These accounts are prepared according to accounting principles generally accepted in Portugal (POC), whereby the year's earnings and those accumulated in previous years are significantly affected by the amortization of goodwill generated by the acquisition of equity holdings.
At the same time, IMPRESA's by-laws stipulate that the General Meeting, on approving the accounts, must dispose of the earnings of the preceding year, if any, in the following manner:

a) 5% to legal reserve whenever it is seen necessary to set it up or replenish it;

b) The remainder to be applied as the general meeting, by simple majoriy, may resolve.

In compliance with applicable law, General Meeting's resolution on the application of the remainder of the year's earnings must keep the following in mind:

- the coverage of prior years' losses;
- the setting up or replenishment of other reserves required by law or set up by resolution of the General Meeting;
- the policy under which the distribution of dividends to shareholders is determined.

This being the case and although a net profit was earned in fiscal 2004 and 2005, prior years' losses have not yet been covered in full and therefore it has not yet been possible to distribute a dividend.

5.2. Prospects

IMPRESA believes that transparent relations with its investors and the market require a clear definition of criteria as to its dividend distribution policy, as has been shown by the growing demands of the investment community, especially in light of the instability of the capital markets experienced in recent years.

In this context, at annual general meetings called for the approval of accounts, the board of directors has portrayed growth prospects in terms of group revenues and expected earnings, bearing in mind the need to cover the accumulated losses of prior years and to reduce the group's debt.

Our dividend policy will be defined specifically as soon as the company's financial situation permits.

6. Plans for the award of shares and share purchase options

There are no current plans, nor have any been adopted, for the award of shares or share purchase options at IMPRESA.

7. Dealings and transactions carried out between the company and the members of its corporate bodies and auditors; holders of qualified participations or companies that are in a group or controlling relationship

As mentioned in last year's report, there are some indirectly outstanding leasing contracts with Dr. Francisco Pinto Balsemão, a shareholder and director, relating to the properties at which IMPRESA's registered office and the premises of IMPREJORNAL, a subsidiary, are located. These form part of the current businesses of the companies involved in them, as mentioned in the prospectuses for admission to quotation in June of 2000 and IMPRESA's capital increase in October of 2004, on the Lisbon Stock Exchange, now Euronext.

2005 saw the completion of the acquisition by IMPRESA, through Media Zoom, a subsidiary company (formerly known as Cinforma) of 49% of the share capital of SIC. The sellers, among others, were Banco BPI, holder of a qualified participation in IMPRESA and Dr. Francisco Pinto Balsemão, Chairman of the Board of Directors of IMPRESA. This situation was disclosed in last year's report, in which it was noted that the respective promissory contracts for purchase were signed on December 22, 2004, after the completion of negotiations that had begun on November 11, 2004.

8. Support to investors

8.1. IMPRESA's communication policy

In line with good corporate governance practice of listed companies relative to shareholder's right to information on the Group's activities, IMPRESA maintains a permanent commitment to ensuring that its communication policy and its dissemination of all information of importance applies to all participants in the financial market without distinction, and that such information is clear and objective.

8.2. Communications and Investor Relations Department

In 2000, when it listed on the Lisbon and Oporto Stock Exchange, as it was then known, IMPRESA set up its communication and investor relations department in order to manage institutional relations with a wide universe of shareholders, potential investors and analysts, as well as the stock markets with which IMPRESA was listed and with Euronext and CMVM, the respective regulatory and supervisory entities.

IMPRESA's Communication and Investor Relations department thus plays an important part in pursuing this goal and enables the company to maintain appropriate relations with shareholders, financial analysts and potential investors.

The primary function of this department is to act as a link between the executive committee of IMPRESA's board of directors and its investors and the financial markets in general. In the scope of its everyday activity, it is responsible for all information made available by the Group, whether the disclosure of relevant facts and other market communications or the publication of periodical financial statements, quarterly, semi-annual or annual.
Day by day, this department maintains a steady flow of information to investors and financial

analysts in Portugal and abroad. It makes available all information and explanations needed to satisfy (while observing applicable laws and regulations), requests made to it by these entities.

The Communication and Investor Relations department, directed by Eng. José Freire, reports to the executive committee and is located at IMPRESA's registered office at the following address:

R. Ribeiro Sanches, 65 – 1200-787 Lisboa
Telefone: +351-213929780
Fax: +351-213929787.
Email: jfreire@impresa.pt

8.3. Disclosure of corporate information

Supplementing the communications and investor relations department, and complying with the regulations of the CMVM, IMPRESA makes available on its institutional website (www.impresa.pt) all information of a legal nature or concerning corporate governance, updates on the group's activities, and a comprehensive package of financial and operating data on the company, to facilitate consultation and access to information by shareholders, financial analysts and other interested parties.

Information made available by this means includes reports on accounts, press releases, communications on important events, internal regulations, the company's by-laws and its shareholding structure, the Group's organization chart, the preparatory documentation and final minutes of each general meeting, the IMPRESA share price history, and other information of potential interest about the group.

IMPRESA's website also enables all interested parties to read, print and to download consolidated accounts and supporting documentation for any fiscal year since 2000.

IMPRESA has made increasing use of IT support in all processes of disclosure, to an extent far beyond its institutional page on the internet.

Indeed, it is our practice to invest in information technologies on a permanent basis in order to facilitate both access to and exchange of information between IMPRESA group companies and shareholders, financial analysts and social communication professionals.

On these lines, IMPRESA has promoted the use of electronic mail in the triangular flow of information between us, the supervisory entity and the market, as well as the methodologies of the conference call, when interacting with brokers and institutional investors.

9. Compensation committee

The compensation of the members of IMPRESA's board of directors is set by the compensation committee, elected by the General Meeting for the 2003-2006 four-year period. Its members are as follows:

Chairman:	Position vacant, due to the death, in February 2006 of Dr. João António de Morais Silva Leitão, the holder of that office
Member:	Dr. Rafael Mora

Neither of these members combines his functions in this body with those of the board of directors, nor are they a spouse to, parent or any direct relative to the 3rd degree of any IMPRESA director.

At the Annual General Meeting to be held on April 21, 2006, a chairman and one member of the compensation committee will be appointed to fill the two vacant offices resulting from the death and resignation of their respective holders.

10.1 Auditing of financial information

Deloitte & Associados, SROC, SA, our independent auditors are responsible for expressing their opinion on the correctness of the financial statements.

10.2. Mandate of the independent auditors

Deloitte & Associados, SROC, SA (ex-António Dias & Associados, SROC) were appointed as the company's Sole Auditor by the General Meeting of April 24, 2003, for the four-year period between 2003 and 2006.

10.3. Remuneration of providers of auditing services

Audit fees for 2005 totalled 537,000 Euros, made up as follows:

a) 427,175 Euros (79.44%) for the legal certification of accounts, which correspond to standard audit work needed for the issuance of an opinion on the consolidated financial statements and for the production of reports on the financial statements required by law;

b) 900 Euros (0.17%) for other services to provide assurance of reliability;

c) 97.625 Euros (18.16%) for tax consulting services;

d) 12.000 Euros (2.23%) for services other than the legal certification of accounts, which include services relative to non-recurring transactions.

IMPRESA's general financial department, in collaboration with the financial departments of the operating subsidiaries, ensures that the services provided under contract by our auditors and the respective networks do not threaten their independence.

CHAPTER II
EXERCÍSE OF VOTING RIGHTS
AND REPRESENTATION OF SHAREHOLDERS

1. By-laws

1.1 Voting rights

In accordance with IMPRESA's by-laws, attendance at and participation in the General Meeting of shareholders and the right to vote requires ownership of at least 100 shares, with one vote for each holding of 100 IMPRESA shares, regardless of the rights of representation and grouping, under the following terms:

- Shareholders owning fewer than 100 shares may form a group to make up collective ownership of 100 shares, to participate in the General Meeting; they must appoint one member of that group to represent them.
- Shareholders forming a group as above must show how it is made up and identify their representative, by letter addressed to the Chairman of the Table of the General Meeting, at least three business days prior to the date set for the General Meeting.
- any person may volunteer to represent another at the general meeting if a private individual, another shareholder, a member of the board of directors, or a person so permitted by law; if a corporation, a person nominated for that purpose by simple letter;
- a signed letter, delivered to the company and addressed to the Chairman of the Table of the General meeting at least 3 business days prior to the date set for that Meeting will suffice as an instrument of voluntary representation of shareholders at the meeting.
- There is no limit to the number of votes cast by each shareholder, whether he intervenes himself, or as a power of attorney of another or other shareholder(s).

1.2. Legitimizing the voting rights exercise

Shareholders may only attend the General Meeting if they own shares no later than the 5th business day prior to the respective date and provided they maintain that status up to that date.

Proof of ownership of shares is provided by sending the Chairman of the Table of the General Meeting a statement issued and authenticated by the financial intermediary entrusted with the service of registration of those shares in an account, at least three days prior to the date of the meeting. This must show that the shares were posted to the respective account no later than the 5th business day prior to the general meeting date, and that those shares were blocked in that account up to that date. If the shares are in certificate form it will be incumbent on the depositary of same or the company itself to confirm that they are registered.

1.3. Ways in which voting rights are exercised

The company's by-laws permit the exercise of voting rights by correspondence; interested parties must send the Chairman of the Table of the General Meeting a statement of their voting intentions on those items on the agenda relative to which they intend to exercise the respective right. This statement must be sent by registered letter, return receipt requested, addressed to the Chairman of the Table of the General Meeting, to be received up to the day before the date of the General Meeting.

In the interest of making them clear to shareholders, the mechanisms of this type of vote are transcribed in the calls to General Meetings.

To enable voting rights to be exercised in this way, motions for submission by the Board of Directors to the General Meeting, as well as the reports and other preparatory data that must by law accompany them are made available to all shareholders at IMPRESA's registered office, within the same period of prior notice foreseen and required by law for holding the General Meeting

By the same token, although the possibility of voting by electronic means is not yet contemplated, IMPRESA will also send that information by mail, fax or electronic mail at the request of shareholders. This is an important innovation, particularly for foreign shareholders or those who live outside the metropolitan Lisbon area.

CHAPTER III
CORPORATE RULES

1. Codes of conduct of the corporate bodies and other internal regulations

IMPRESA's by-laws, which set forth the main rules that, govern the functioning and organization of the company's administrative hierarchy is a document that can be consulted by the public; it is available to all who request a copy of it from the Communication and Investor Relations department or who wish to access IMPRESA's website at www.impresa.pt.

In addition to the by-laws, the Board of Directors has approved certain internal regulations pertaining to its functioning or to the functioning of that body's committees.

Accordingly, the Regulation of the Board of Directors establishes an ensemble of rules of competence and procedures relative to the functioning of this body.

At the same time, the main rules governing the functioning of the Executive Committee, formed by delegation of powers under resolution of on July 14, 2000, are established in the Executive Committee Regulation.

2. Internal procedures adopted

IMPRESA awaits the publication and entry into force of an amendment to the Commercial Companies Code that will define the corporate governance model to adopt, with specific reference to the selection of an oversight committee or an audit committee, with functions in the domain of oversight of the preparation of financial information, external audit and the functioning of internal control procedures, namely those mentioned in 3 of Chapter I.

3. Measures likely to impede the success of takeover bids

There are no measures in place that are likely to impede the success of takeover bids.

CHAPTER IV
ADMINISTRATIVE BODIES

1. The Board of Directors

The Board of Directors of IMPRESA now comprises five directors, elected by a majority of votes at the General Meeting of Shareholders. The term of office for directors is four years; there are no restrictions on their re-election.

The composition of the present term of office (the four-year period between 2003 and 2006) is as follows:

Chairman:	Dr. Francisco José Pereira Pinto de Balsemão (1st appointed in1990)
Vice-Chairman:	Eng. Luiz Fernando Teuscher de Almeida e Vasconcellos (1st appointed in 1990)
Members:	Dr. Alexandre de Azeredo Vaz Pinto (1st appointed in 2000)
	Eng. Francisco Maria Supico Pinto Balsemão (1st appointed in 2001)
	Dr. Miguel Luís Kolback da Veiga (1st appointed in 2004).

With the exception of Dr. Alexandre de Azeredo Vaz Pinto and Dr. Miguel Luis Koback da Veiga, all the members of the board of directors are executive directors.

Dr. Alexandre de Azeredo Vaz Pinto and Dr. Miguel Luís Kolback da Veiga are independent directors.

The professional qualifications of the members of the Board of Directors, their professional activities and a breakdown of the administrative functions they presently exercise in group companies and outside the group, are shown in Annex III to this report.

The number of shares held by the members of the Board of Directors, as well as their purchases and sales of same are recorded in the attached memorandum as prescribed by article 447 of the Commercial Companies Code.

2. Executive Committee

By resolution of the Board of Directors passed at a plenary meeting on July 14, 2000, as contemplated in the by-laws, the current management of IMPRESA is delegated to an executive committee comprising three directors appointed and freely replacable by the board of directors, as follows:

Chairman:	Dr. Francisco Pinto de Balsemão
Vice-Chairman:	Eng. Luiz de Almeida e Vasconcellos
Member:	Eng. Francisco Maria Supico Pinto Balsemão

In the absence of the Chairman, the Vice-Chairman will stand in for him.

The powers of the executive committee were set by the board of directors by resolution of delegation of authority over the current management of the company, consisting mainly of the following:

a) to hire and fire personnel and set up variable compensation system for the group's managers;
b) to open and operate bank accounts
c) to enter into any contracts within the scope of the corporate purpose, including financial leasing contracts;
d) to acquire, dispose of or encumber chattels and fixed assets, including automobiles:
e) to take on loans or other similar financial liabilities;
f) to open, close or convey premises;
g) to represent the company in law or extrajudicial, actively and passively;
h) to appoint powers of attorney or mandates of the company;
i) to approve the commercial policy of the Group

The Executive Committee may delegate at all times, by unanimity, to one of its members some of the powers delegated to it.

Meetings of the executive committee are held periodically on the date decided by the chairman or requested by any of its members, without the need of a formal call; the chairman must send a copy of the agenda to all members no later than three days prior to each meeting. Up to the day prior to the meeting, members may request that the agenda include matters they consider opportune to discuss.

The chairman may postpone any meeting he is unable to attend, and may call another meeting.

The executive committee may meet without prior formalities, provided that all members are in attendance, or duly represented.

The executive committee normally meets on a weekly basis with each of the chief operating officers of the group's business units, and monthly with all members and heads of the central hierarchy (C.O.O. Television, C.O.O. Press, I.R.O. and C.F.O. of the holding company) in attendance. Minutes are taken of the monthly meetings, which record matters discussed and resolutions passed.

One member of the executive committee may be represented by another, who will exercise his right to vote, by means of a written document, in the name of and under the responsibility of his representative, addressed to the chairman; a vote in writing is also permitted.

The resolutions of the executive committee are passed by a majority of votes and will be recorded in the minutes, in which the matters discussed and resolutions passed will be shown in summary but clear form; the minutes will be signed by all members in attendance.

In case of need, the resolutions of the executive committee may be passed in writing, specifically by fax; in this event, the motion for resolution together with the data needed to explain it must be sent at least 48 hours beforehand. A written vote sent by fax must indicate the respective motion and signify approval or rejection of same.

To keep the non-executive directors informed on the group's situation at all times, the executive committee will make available, on a monthly basis, a report on the financial situation and the progress of all of the business units of the group. This report will compare progress for the month and, cumulatively, with budget and with the same period of the prior year, with explanatory notes on the most important variances.

3. Functioning of the administrative body

The board of directors of IMPRESA is accountable for the administration and management of the company's business. In accordance with the by-laws, the broadest powers of management are delegated to it and it may practice all acts and perform all functions appropriate to the fulfilment of the corporate mission.

3.1 Matters outside the Executive Committee's remit

Being exclusive to the board of directors, as provided in the regulation of the board, the following actions are excluded from the executive committee's remit:

a) the co-opting of directors;
b) calls to general meetings:
c) annual reports and accounts;
d) the extension of personal or real guarantees and sureties by the company;
e) change of company's registered office and capital increases, as foreseen in the by-laws;

f) mergers, de-mergers and reorganizations of the company;
g) approval of the group's Global Annual Action Plan, including the investment program;
h) Resolutions on the formation of independent companies.

3.2 Powers of the chairmen of the Board of Directors and of the Executive committee

Certain powers are incumbent on the chairman of the board of directors, who may carry out the following acts:

- to call such meetings of the board of directors as he may consider necessary, preside over them, and resolve on all matters concerning the functioning of the board;
- to exercise all powers and carry out, by himself alone, all acts delegated to him by the board of directors;
- to preside at all meetings of the board of directors with the sole auditor.

The following are the special powers delegated by the board of directors to the chairman of the executive committee:

a) to represent the company judicially or extra-judicially within the scope of powers delegated to the executive committee;
b) to call and direct the meetings of the executive committee and to coordinate the activity of its members;
c) to exercise the casting vote if needed;
d) to watch over the correct observance of the guidelines and resolutions of the board of directors and the executive committee.

3.3 Reports to the members of the administrative body on matters dealt with and decisions made by the executive committee

The executive committee must place the group's strategic options before the board of directors before and after a decision is made on such matters.

3.4 List of incompatibilities defined internally by the administrative body

There is no list of incompatibilities defined internally by the administrative body, nor is there a limit to the number of offices that directors may accumulate in the administrative bodies of other companies.

3.5 Number of meetings of the administrative body during any fiscal year

The board of directors must meet at least once every three months, or whenever called by the chairman; no resolutions may be passed without a majority of its members in attendance.

No more than one director may be represented at each meeting. All directors have an equal right to vote; the chairman has a casting vote.

The board of directors held seven meetings in 2005; the respective minute-book records the matters dealt with at those meetings.

4. Compensation policy

As required by the company's by-laws, the General Meeting elected a compensation committee to set the compensation of the members of the board of directors.

Within an environment of considerable change and competition such as that now experienced by the IMPRESA Group, the ability to attract, motivate and retain the best professionals in the market and make a true team operation from their contribution, will undoubtedly be one of the critical factors for its success in the near future.

Hence it is important to emphasize that in 2003 the Group IMPRESA overhauled its compensation policy for members of the executive committee and extended it to include the rest of the hierarchy. This was through the implementation of a new model, the main purpose of which is to foster the creation and maintenance of shareholder value by its board of directors.

This being the case, the group IMPRESA believes that a model with these characteristics should contemplate a performance-related component.

This approach promises a strong capacity for integration, aimed at creating value. It is sustained by a nexus of principles and characteristics that offer many advantages, including the following:

- its transparency;
- its methodological consistency on two levels:
  - integration and equilibrium of the model and compensation rules among the various levels of senior management:
  - competitiveness in best practice terms;
- its potential for creating the basis on which to attract, motivate and hold on to the best human assets in the IMPRESA Group's target markets;
- its potential to ensure the convergence of interests between the shareholders and the board of directors;
- its potential to optimize executive compensation, as a function of performance and its capacity to generate value.

In compliance with its mandate from the General Meeting and bearing in mind the above-mentioned goals, IMPRESA'S compensation committee discusses the compensation packages set for the executive and non-executive directors and the variable compensation for the executive directors, according to the group's share price and economic performance, for all of the members of the executive committee without distinction. Along these lines, in 2003, the compensation committee approved a model for the calculation of variable compensation on an annual basis. This will be derived from the application of a percentage (between 0% and 150%) of the level of achievement of the goals established, to the fixed annual compensation. These goals must include an ensemble of indicators neither less than 3 nor more than 5. For fiscal 2005, the following indicators were approved by the board of directors and ratified by the compensation committee: total revenues, EBITDA, earnings before taxes, net earnings and the share price performance.

5. Compensation of the members of the administrative body

In addition to the variable components of compensation as discussed above, namely the link between compensation and performance and the main parameters and bases of the annual bonus system, the following chart gives total compensation paid to the members of IMPRESA's board of directors in fiscal 2005, in accordance with the resolutions of the General Meeting and the compensation committee:

Compensation (a)			
Directors	**Fixed**	**Variable**	**Total**
Executive	887,600	336,980	**1,224,580**
Non-Executive	70,000	0	**70,000**
TOTAL	**957,600**	**336,980**	**1,294,580**

(a) Amounts include total compensation paid by the holding company and subsidiaries.

The chairman and vice-chairman of the board of directors and of the executive committee are covered by a supplementary pension plan through the Sojornal & Associadas pension fund, which covers directors, journalists and other paid workers hired up to July 5, 1993, as shown in Note 34.1 of the annex to IMPRESA's consolidated financial statements.

The supplementary pension plan is as follows:

Journalists and directors with 10 or more year's service are entitled to a supplementary pension plan, for superannuation or disability, the amount of which, without prejudice to future updating, is calculated as follows:

a) Journalists and directors with 10 years of seniority will receive an allowance equal to half the difference between the pension paid by Social Security and the pensionable salary;

b) For each additional year of seniority, the supplementary allowance will be increased by 1% until the pension plus the supplementary allowance reaches 90% of the pensioable salary.

An old age pension is understood to be one granted to the participant when he/she reaches the age of 65.

A disability pension is understood to be one acknowledged and granted to the participant by Social Security.

A pensionable salary is understood to be total compensation (base salary, length of service and other allowances) defined for fiscal 2002.

Any participant may continue in the service of the associated company, by common accord with the latter, after his/her date of superannuation. In this case, the amount of the retirement pension will be calculated in accordance with the model described above, based on his/her pensionable salary and the length of pensionable service to the date on which the participant reached the age of 65.

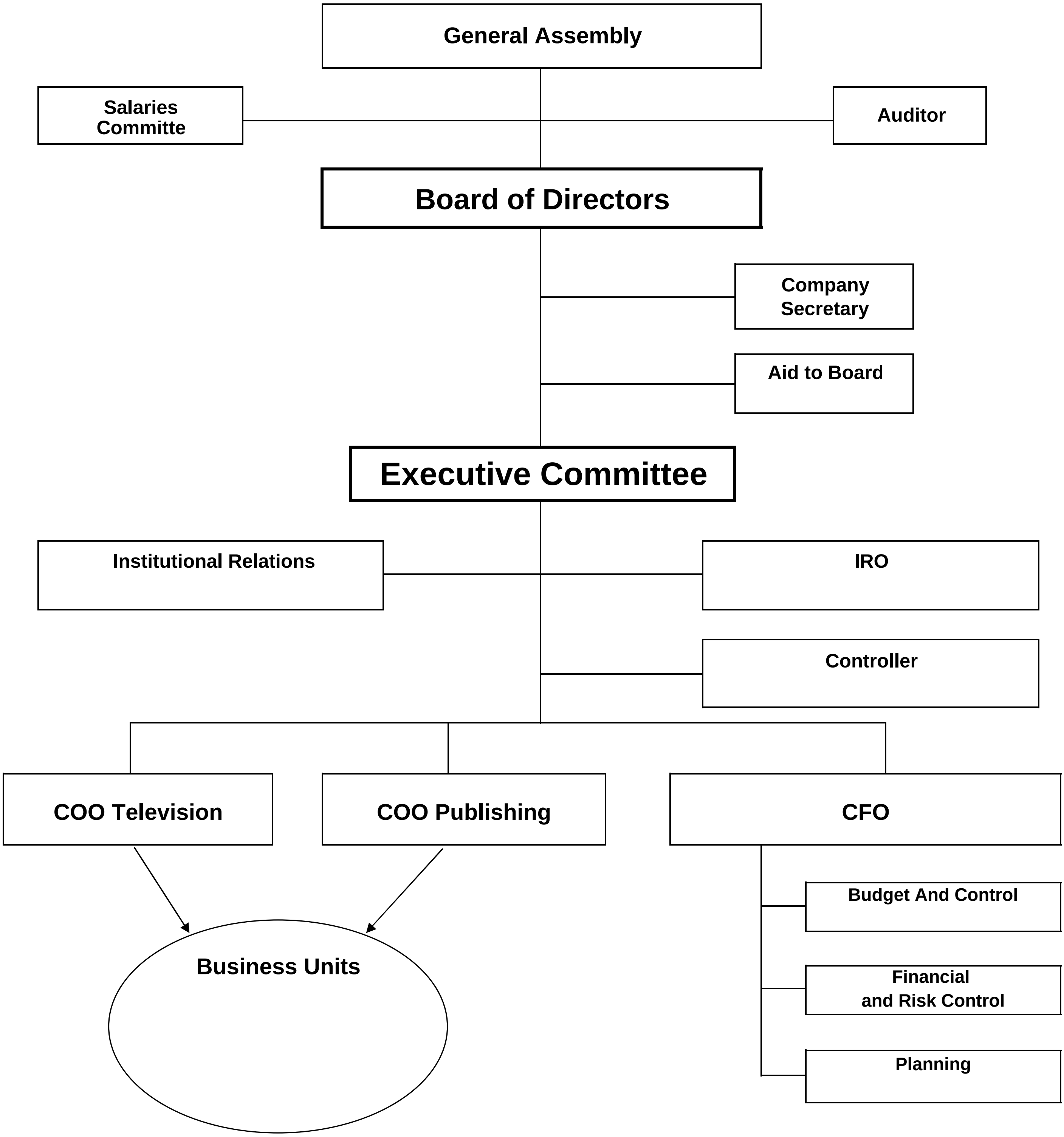
For calculation of supplementary pensions, the Social Security formula for the calculation of pensions in force on July 5th, 1993 is used.

6. Policy for the reporting of irregularities

The board of directors is in the process of setting up an internal system for reporting irregularities, with a view to their prevention and penalization and the avoidance of aggravated damages through the continuation of irregular practices; we await publication of the amendment to the Commercial Companies Code as applicable to the corporate governance model, in order to decide on the functional model for this system.

ANNEX I

GROUP IMPRESA Functional Chart



ANNEX II

DISTRIBUTION OF COMPETENCES OF THE EXECUTIVE COMMITTEE

Editorial/Contents	Dr. Francisco José Pereira Pinto de Balsemão
Corporate Governance, Social responsibility, Ethics and Environment	Dr. Francisco José Pereira Pinto de Balsemão and Eng. Francisco Maria Supico Pinto Balsemão
Market and Institutional Relations	Dr. Francisco José Pereira Pinto de Balsemão and Eng.Francisco Maria Supico Pinto Balsemão
Strategic Development and New Business	Dr. Francisco José Pereira Pinto de Balsemão and Eng.Luiz Fernando Teuscher de Almeida e Vasconcellos
Human Resources	Dr. Francisco José Pereira Pinto de Balsemão and Eng. Francisco Maria Supico Pinto Balsemão
Commercial and Marketing	Eng. Luiz Fernando Teuscher de Almeida e Vasconcellos
Financial and Management Control	Eng. Luiz Fernando Teuscher de Almeida e Vasconcellos and Eng. Francisco Maria Supico Pinto Balsemão
Technologies and Information Systems	Eng. Francisco Maria Supico Pinto Balsemão
Risk Management	Eng. Luiz Fernando Teuscher de Almeida e Vasconcellos

ANNEX III

PROFESSIONAL QUALIFICATIONS AND ACTIVITIES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICES THEY PRESENTLY HOLD IN OTHER COMPANIES

Dr. Francisco José Pereira Pinto de Balsemão

In addition to the seats he occupies on group company boards, which will be shown below, he is chairman of the advisory committee of Banco Privado, a member of the Steering Committee of the Bilderberg Meetings, a member of the Panel of the Principe de Asturias Prize for International Cooperation, chairman of the European Television and Film Forum organized each year by the European Institute for the Media, chairman of the European Publishers Council (since 1999), a member of the Board of Guardians of Fondacíon Carolina (since 2001), a non-executive member of the board of directors of Daily Mail and General Trust plc (since November 2002), a member of the General Council of COTEC Portugal – Associação Empresarial para a Inovação (since April, 2003), a member of the International Advisory Committee of the Santander group (since 2004), a member of the Board of Guardians of the Luso-Brazilian Foundation (since April, 2004) and a member of the Council of State (since May, 2004).

He was associate professor (1987-2002) at the Faculty of Social and Human Sciences, chairman (1990-1999) of the board of directors of the European Institute for the Media, vice-chairman (1990-1999) of the Journalistes en Europe Foundation, and member (1999-2002) of the executive committee of Global Business Dialogue.

With a law degree from FDL he attended that institution's extension course in Political Economy. He was a journalist, management secretary (1963-65) and director (1965-71) of Diário Popular, the founder and director of the EXPRESSO newspaper (1973-80), founder of the Social Democrat Party (1974), deputy and vice-chairman of the Constituent Assembly (1975), deputy of the Parliament of the Republic in 1979, 1980 and 1985, Deputy Minister of State in the 6th Constitutional Government (1980) and Prime Minister of the 7th and 8th Constitutional Governments (1981-83).

Offices presently held in other companies:

a) <u>Group Companies</u>

- Chairman of the Board of Directors of IMPREGER – Sociedade Gestora de Participações Sociais, SA
- Chairman of the Board of Directors of SIC – Sociedade Independente de Comunicação, SA
- Chairman of the Board of Directors of SOINCOM – Sociedade Gestora de Participações Sociais, SA
- Chairman of the Board of Directors of SOJORNAL – Sociedade Jornalística e Editorial, SA

- Manager of MEDIA ZOOM – Serviços Técnicos e Produção Multimédia, Lda.
- Manager of EDIMPRESA – Editora, Lda.

b) Non-group companies

- Non-executive chairman of the Board of Directors of Allianz Portugal, SA
- Non-executive chairman of the Board of Directors of NEC Portugal, SA
- Director of CELBI – Celulose Beira Industrial, SA
- Director of Daily Mail and General Trust plc
- Manager of Francisco Pinto Balsemão, Lda.
- Manager of Sociedade Turística da Carrapateira, Lda.

Eng. Luiz Fernando Teuscher de Almeida e Vasconcellos

Trained as an agronomist, he attended the Institute of Agronomy at Gembloux, Belgium. In the industrial sector he was the manager of the Sociedade Nacional de Sabões Group. In the field of advertising, he played an administrative role with CIESA N.C.K. in Portugal and Spain. He was a member of the board of the Association of Portuguese Advertising Agencies and of the Advertising Counsel.

Offices presently held in other companies:

a) Group companies

- Chairman of the Board of Directors of IMPREJORNAL – Sociedade de Impressão, SA
- Chairman of the Board of Directors of IMPRESA JORNAIS – Sociedade Gestora de Participações Sociais, SA (ex- CONTROLJORNAL)
- Vice-Chairman of the Board of Directors of IMPREGER – Sociedade Gestora de Participações Sociais, SA
- Vice-Chairman of the Board of Directors of SIC – Sociedade Independente de Comunicação, SA
- Vice-Chairman of the Board of Directors of SOINCOM – Sociedade Gestora de Participações Sociais, SA
- Director of SOJORNAL – Sociedade Jornalística e Editorial, SA
- Manager of MEDIA ZOOM – Serviços Técnicos e Produção Multimédia, Lda.
- Manager of EDIMPRESA – Editora, Lda.
- Manager of PUBLIREGIÕES – Sociedade Jornalística e Editorial, Lda.
- Manager of SIC – Novos Projectos e Serviços Técnicos em Telecomunicações e

Multimédia, Sociedade Unipessoal,Lda.

b) Non-group companies

- Director of BPP – Banco Privado Português, SA
- Manager of Sociedade Agrícola da Carregueira do Mato, Lda.

Dr. Alexandre de Azeredo Vaz Pinto

He earned an economics degree at the Instituto Superior de Ciências Económicas in 1961. He was vice-chairman of Caixa Geral de Depósitos (1996), non-executive director of Brisa (1998), chairman of the board of directors of SIBS, SA (1996), chairman of the board of directors of Caixa Investimentos (1996), non-executive director of UNICRE (1996), chairman of Banco Espírito Santo e Comercial de Lisboa, by appointment of the Council of Ministers (1986), vice-chairman of the same bank (1992), vice-governor of Banco de Portugal by appointment of the Council of Ministers (1982), chairman of the supervisory board of the Foreign Investment Institute, by appointment of the Council of Ministers (1977), Minister of Commerce and Tourism (from January to September, 1981), chairman of the Supervisory Board of the Foreign Investment Institute (having resumed his former position), chairman of Sociedade Financeira Portuguesa, by appointment of the council of Ministers (from 1974 to 1979), Secretary of State for Commerce, by appointment on August 11, 1972, having, in this capacity, been chairman of the Portuguese Delegation of the Council of Ministers of the EFTA, in the sessions held in November of 1972 and May of 1973 at Vienna and Geneva respectively, presiding over the deliberations of the latter; he also participated in various ministerial meetings of GATT and OECD. Sub-secretary of State for Commerce, by appointment on January 15, 1970, which office he held until August 11, 1972. Director of Banco Nacional Ultramarino, by appointment of September, 1968. He worked at the Technical Secretariat of the Prime Minister, having collaborated in the Third National Development Plan.

As an expert at the Industrial Economics Department of the National Institute of Industrial Research, he collaborated in the preparation of the first blueprint for inter-industry relations in Portugal. He was subsequently involved in the study and preparation of development plans and in collaboration with a group of economists, worked at the Ministry of Economy, in the initial phase of the programming of the industrial sector for the Interpolated Development Plan, thereafter taking a position at the Secretariat of the Office of the Prime Minister. He headed the studies and coordination department of Companhia Portuguesa de Petróleos, BP.

In the course of his professional career he has worked as a consultant to various organizations, including CIP, having collaborated in that capacity in the preparation of an investment guide; as a consultant to the Transport and Tourism Corporation he participated in the programming of the tourism sector of the third development plan.

Offices presently held at other companies:

a) Non-group companies

- Non-executive director of Solvay Portugal – Produtos Químicos, SA

Eng. Francisco Maria Supico Pinto Balsemão

He earned his degree in electronic engineering and computers, telecommunications and electronics branch at the Instituto Superior Téchnico, Universidade Técnica de Lisboa. Took post-graduate course in management of telecommucations companies (1998/99) of the Higher Institute of Transportation, organized by the ISTP, by APDC – Associação Portuguesa para o Desenvolvimento das Comunicações and by the Enterprise Institute of Madrid. Participated in and competed in the Young Engineering Entrepreneur Program (1993/1994), promoted by the Secretary of State for Youth, by Junitec (junior companies of the higher technical institute) and by the ITEC (technological institute for the european community).

He was director of international business and roaming of TMN - Telecomunicações Móveis Nacionais, S.A., from October 1997 to March, 2000), representative of TMN from June, 1997 to March, 1999 in the MARL project, the aim of which was the implementation of the entire telecommunications structure of the present supplier market of the Lisbon region; project and product manager from April 1987 to October 1997 at the department of products and services for the business market (small & medium-sized firms), of the center for development and management of products and services (DPS) of TMN - Telecomunicações Móveis Nacionais, S.A,; project manager/coordinator from December 1995 to April, 1997, in the department of innovation and development of products and services of the center for communication and marketing of TMN - Telecomunicações Móveis Nacionais, S.A.; director of AAAIST (association of former students of the Higher Technical Institute) from 1995 to 2000, director of APDC – Associação Portuguesa para o Desenvolvimento das Comunicações, director of ACEP – Associação do Comércio Electrónico em Portugal and vice-chairman of ANJE – Associação Nacional dos Jovens Empresários (national young businessmen's association).

He has been a director of APDC (Portuguese Association for the Development of Communications) since 2001, vice-chairman of the executive committee of the National center of the ANJE (national young businessmen's association) since November 2005, having been the director of its specialized business to consumers group from 2001 to 2005, member of the general council of APDSI (association for the promotion and development of the information society), a representative of IMPRESA, SGPS's tie-up with COTEC Portugal (business association for innovation), member of the national board (southern/islands region) of APIGRAF (association of Portuguese printing, visual communication and paper converter industries), appointed for 2005 to 2007, representing Imprejornal, Sociedade de Impressão, S.A., member of the educational council of 2 (second channel of RTP), representing ANJE (national young businessmen's association) member, with the status of observer, of the advisory committee of ICP/ANACOM – Autoridade Nacional das Comunicações, representing SIC - Sociedade Independente de Comunicação, S.A., member of the grading panel for examinations of professional aptitude for the expert in telecommunications course administered by INETE – Instituto de Educação Técnica, representing APDC (Portuguese association for communications development, appointed for 2005-2007), and the sole Portuguese member of the Iberian advisory committee of Thomson Aranzadi, a Spanish publisher of books on law, owned by

Thomson, a Canadian multi-national company and world leader in in the supply of specialized content for professionals (lawyers, accountants, bankers and scientists).

Offices presently held with other companies:

a) Group companies

- Chairman of the board of directors of SIC IN DOOR – Gestão de Suportes Publicitários, SA
- Director of IMPREGER – Sociedade Gestora de Participações Sociais, SA
- Director of SIC – Sociedade Independente de Comunicação, SA
- Director of IMPREJORNAL – Sociedade de Impressão, SA
- Director of SOJORNAL – Sociedade Jornalística e Editorial, SA
- Director of PTDP – Plataforma de Televisão Digital Portuguesa, SA
- Director of MEDIA ZOOM – Serviços Técnicos e Produção Multimédia, Lda.
- Manager of SIC ON LINE – Comunicação e Internet – Sociedade Unipessoal, Lda.

b) Non-group companies

- Non-executive director of COMPTA – Equipamentos e Serviços de Informática, SA
- Manager of ENCOREXPERT – Investments, SGPS, Lda.

Dr. Miguel Luís Kolback da Veiga

He earned his law degree in 1959 from the Faculty of Law of the University of Coimbra and has practiced in that profession for 46 years, mainly in civil and commercial law.

He is a member of the International Lawyers Union and has attended several of its congresses.; is a founder member of the Dr. Mário Soares Foundation and of the Fundação O Lugar do Desenho - Júlio Resende", (Julio Resende – the place of design foundation); member of the European Movement and of the cultural committee of the Eça de Queirós Foundation; chairman of the Toponymy Commission of Oporto; member of the advisory committee of "Porto Vivo – Sociedade de Reabilitação Urbana; member of the founders' committee of the Júlio Pomar Foundation, chairman of the General Meeting of Interposto Comercial e Industrial do Norte , of Fábrica de Chocolates Imperial, a RAR group company, of the Associação de Amigos do Coliseu do Porto, of the Lawn Tennis Club da Foz, of Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, SA", of Aplicação Urbana II – Investimento Imobiliário, S.A., a property investment company.

He was an elected member of the Higher National Committee and the Oporto District Committee

of the Order of Portuguese Lawyers; a member elected by the Parliament of the Republic for the Higher Magistracy Council; national vice-chairman of the Portuguese Red Cross. He has been a member of the various panels of the Pessoa Prize since its inception.
He was a member of the founding group of the PPD, now the PSD, having participated in the production of its program bases and in its promotion, propagation and implantation in 1974-75; elected deputy by the Oporto district to the first Constituent Assembly; elected member of the first national political committees of the PPD and of a number of its national committees; elected vice-chairman of the Social Democrat Party (PSD).

He was chosen by the Council of Ministers as Portugal's representative at the seminar devoted to the subject of the non-judicial means of protection and promotion of the rights of man, organized by the Council of Europe and held at Siena, Italy (1982).

He was a representative of Dr. Mário Soares, the former president of the republic and of the Social Democrat Party respectively, at presidential and parliamentary elections; also of Dr. Rui Rio in the penultimate and most recent municipal elections in Oporto.

He was a founder member of the Community against Aids Foundation.

Offices presently held at other companies

a) Non-group companies

- Director of Companhia de Seguros Tranquilidade
- Director of Fundação Casa de Mateus
- Chairman of the audit committee of Fundação Condes de Campo Bello