

MANAGEMENT REPORT 2006

In compliance with the legal requirements applicable to public traded companies, the Board of Directors of IMPRESA - Sociedade Gestora de Participações Sociais, S.A. submits its MANAGEMENT REPORT with respect to the financial year of 2006. In doing so, we were fully aware of the need to provide sufficient information to the shareholders and investing public in general, to enable them to arrive at a clear and objective assessment of the activity of the IMPRESA GROUP within its particular domain.

A) CONSOLIDATED ACCOUNTS

The accounts for this financial year were prepared in accordance with IAS/IFRS standards, similarly to the accounts of 2005 for purposes of comparison.

1. Main indicators of 2006

- **CONSOLIDATION PERIMETER:** the companies Publiregiões and Imprejornal, sold in April and September, respectively, are not included in the consolidation. As a result, comparisons have been made on the basis of the pro-forma accounts of 2005.
- **TOTAL REVENUES:** 255.2 M€, which corresponded to a 0.7% decline in relation to the previous year, in spite of a 5.5% increase registered in the 4th quarter. Multimedia, merchandising and technical services revenues increased sharply, whereas publication and advertising sales revenues registered a slight decline.
- **EBITDA:** 40.4 M€, which includes 2.3 M€ in restructuring costs. The consolidated EBITDA margin came to 15.8%.
- **NET PROFIT:** 16.4 M€, a 26% decline in relation to 2005.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

Table 1. Main indicators of IMPRESA (consolidated)

(Values in 000 €)	Dec-06	Dec-05 (pro-forma)	Δ (%)	4 th Qt 06	4 th Qt 05 (pf)	Δ (%)
Total Revenues	255,238	256,969	-0.7%	72,051	68,285	5.5%
Advertising	168,064	170,624	-1.5%	48,628	48,779	-0.3%
Publication Sales	31,543	35,236	-10.5%	7,342	7,600	-3.4%
Thematic Channels	31,189	31,145	0.1%	8,686	7,844	10.7%
Ad-on Products	9,302	10,094	-7.8%	2,385	2,355	1.3%
Multimedia	8,400	6,806	23.4%	3,066	1,451	111.2%
Others	8,564	5,738	49.2%	2,422	1,414	71.3%
Television Revenues	164,002	162,027	1.2%	47,785	43,541	9.7%
Newspapers Revenues	54,963	56,708	-3.1%	15,003	15,867	-5.4%
Magazines Revenues	38,097	40,908	-6.9%	9,741	10,036	-2.9%
EBITDA	40,416	48,582	-16.8%	16,428	15,971	2.9%
EBITDA Margin	15.8%	18.9%		22.8%	23.4%	
EBITDA Television	31,794	34,484	-7.8%	15,126	10,868	39.2%
EBITDA Newspapers	8,649	12,365	-30.1%	1,607	4,096	-60.8%
EBITDA Magazines	2,075	4,148	-50.0%	278	1,455	-80.9%
Net Profits	16,464	22,233	-26.0%	9,430	8,444	11.7%
Net Debt (M€)	208.9	214.3	-2.5%	208.9	214.3	-2.5%

2. Main events of 2006

Audiences Recovery

- At the end of March, SIC inaugurated the soap opera *Floribella*, which turned out to be decisive in the recovery of audiences throughout the year.
- At the end of May and beginning of June, the several SIC channels transmitted the 2nd Rock-in-Rio Lisbon.
- The transmission of the World Football Cup between June and July also drew the highest audience numbers of SIC.

Leadership

- SIC Notícias held its leadership on cable television for the sixth year running, with an average audience of 12%.
- The *Floribella* CD was, for 14 weeks in a row, the best selling album, having gone 10x platinum.

New publications

- In March, IMPRESA launched the magazine *Stuff*, through its associated company Edimpresa.
- In May, the magazine *World Business*, in association with INSEAD, was also launched through Edimpresa.

- In November, the magazine *Floribella* was launched, in association with SIC.

Relaunches

- In June, the weekly newspaper *Blitz*, following a profound graphic and contents reformulation, was transformed into a monthly magazine, with the increase in sales having surpassed 100%.
- In September, the *Expresso* newspaper, in addition to the adoption of the new berliner format and the printing of all the pages in a combination of four colours, also went through an editorial and graphic reformulation of the Main section and the Economics section. In October, the *Expresso* achieved a new sales record of more than 200 thousand copies.

Acquisitions

- In June, IMPRESA, through SIC, acquired a 36.7% equity stake in Ad-Tech – Advertising Technologies, Comunicação Multimédia, S.A, a company dedicated to the commercialization, production and installation of contents and multimedia communication systems, having assumed its management control.
- In November, IMPRESA acquired 50.1% of the capital of AEIOU, Investimentos Multimédia, S.A., which owns the portal AEIOU.
- In December, the process of acquisition of the entire share capital of Som Livre – Som e Imagens, Lda was concluded. The company dedicates itself to the edition, production and commercialization of video and phonographic products. The public deed was signed in February 2007.
- In December, an agreement was reached regarding the acquisition of 67% of N.M.D.C. – New Media Digital Contents – Gestão de Conteúdos, Lda, a company dedicated to the management of contents and representation of technological solutions, whose process was concluded at the start of January 2007.

Sales

- In April, IMPRESA sold its equity stake in Publiregiões, editor of the free ‘Jornal da Região’ newspaper.
- In September, IMPRESA sold the entire share capital of Imprejornal, the company that owns its printing machine.

Other

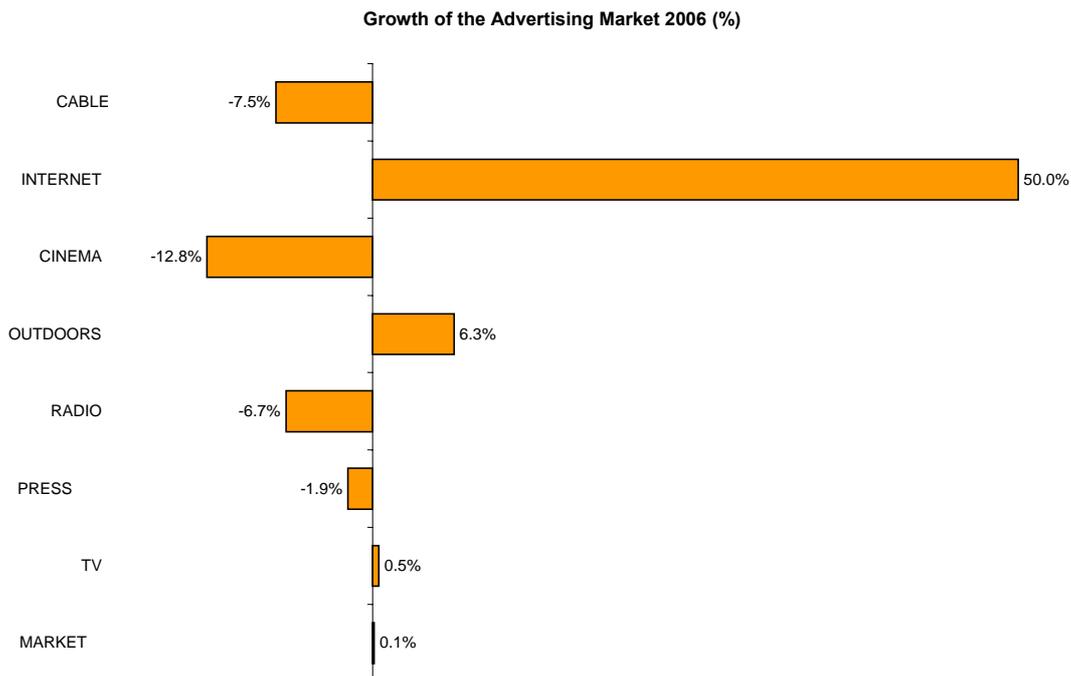
- In June, the company Impresa Classificados was set up, with the aim of developing the on-line classifieds business.
- In November, the launch of the company Impresa Digital was announced, the 4th business area, whose official start up is set for the start of 2007.

3. Advertising Market

The advertising market registered relatively weak growth, of approximately 0.1%, not having taken advantage of prominent events such as Rock-in-Rio and the World Football Championship in Germany. 2006 was further marked by disinvestment from the large advertisers and stagnation in structural sectors, namely Food and Beverages, Personal Hygiene and Household Goods.

Market concentration movements, particularly in the banking and telecommunications sectors, exacerbated further the prospects for advertising spending. The telecommunications sector, which had a significant influence on the levels of growth of the market over the last few years, registered a significant decline in investment in 2006, influenced by the takeover bids and the consequent indecision in the strategy of some brands in relation to the future telecommunications business models in Portugal.

In absolute terms, the total advertising market amounted to approximately 687 million euros, of which TV accounted for 52.7%. Free-to-air television accounted for 362 million euros of advertising spending, representing an increase of 0.5%.



Source: APAN

The majority of segments – cable, cinema, radio and press – registered declines in 2006. Free-to-air television and outdoor advertising registered growth and Internet advertising registered the largest percentage increase (+50%), although it accounts for less than 1% of total spending.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

4. Television

Table 2. Key Television figures

	Dec-06	Dec-05	Δ (%)	4° Qt 06	4° Qt 05	Δ (%)
Total Revenues	164,002,008	162,026,594	1.2%	47,784,780	43,540,507	9.7%
Advertising	115,849,085	118,337,107	-2.1%	33,611,676	32,831,151	2.4%
Thematic Channels	31,189,330	31,145,296	0.1%	8,685,520	7,844,203	10.7%
Multimedia	8,400,090	6,806,348	23.4%	3,065,844	1,451,416	111.2%
Merchandising	2,727,909	1,903,647	43.3%	878,819	370,203	137.4%
Others	5,835,595	3,834,197	52.2%	1,542,922	1,043,534	47.9%
Total Operating Costs	132,208,050	127,543,061	3.7%	32,658,513	32,672,727	0.0%
EBITDA	31,793,958	34,483,533	-7.8%	15,126,267	10,867,781	39.2%
EBITDA (%)	19.4%	21.3%		31.7%	25.0%	
Profits before taxes	25,673,975	26,445,306	-2.9%	13,871,862	9,203,201	50.7%

Note: The SIC Channels comprise SIC Notícias, SIC Radical, SIC Mulher, SIC Comédia, SIC Internacional and international subscribers of SIC Notícias.

4.1. 2006 Evolution

The recovery in audiences since the start of the summer enabled SIC's total revenues to increase by 1.2% at year-end 2006. In the 4th quarter, SIC's total revenues rose 9.7% in relation to the previous year, its biggest annual increase. This recovery was due, above all, to an improvement in advertising revenues (2.4%) and the overall growth in non-advertising revenues (32.3%).

Accumulated operating costs rose 3.7% in 2006, after having remained steady in the 4th quarter, in spite of the high rate of increase in Multimedia, Merchandising and Other activities. One of the reasons for the slower increase in costs was due to the absence of restructuring costs in 2006, in contrast to 2005 in which restructuring costs came to 4.3 M€. In 2006, tight cost controls were maintained, with programming costs increasing by a mere 3.1%, in spite of the transmission of the World Football Cup in Germany and Rock in Rio, whereas staff costs declined by 7.7%.

The trend in operational costs and revenues was reflected in an increase of 39.2% on EBITDA in the 4th quarter, and on an EBITDA margin of 31.7%. The positive trend in the 2nd half of 2006 was reflected in an EBITDA of 31.8 M€ at year-end 2006, which represents a margin of 19.4%.

This favourable trend allowed SIC to close the 4th quarter of 2006 with pre-tax earnings of 13.8 M€, an increase of 50.7% in relation to 2005. The recovery registered in the 4th quarter enabled SIC to close the year under review with pre-tax profits of 25.6 M€, only 2.9% below what was registered in 2005.

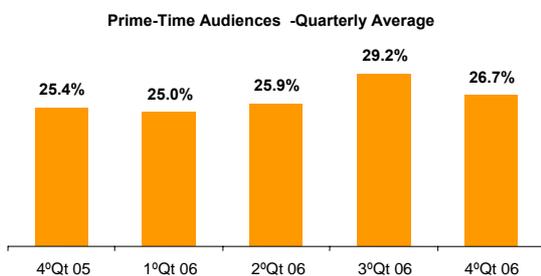
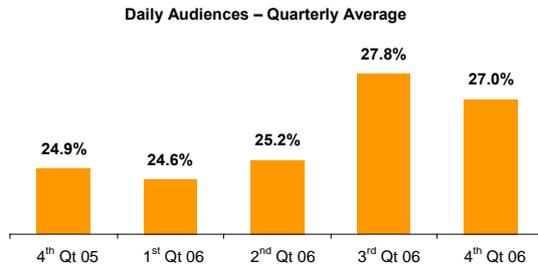


IMPRESA

Sociedade Gestora de Participações Sociais, SA.

4.2. Audiences and Programming

Throughout the year, SIC managed to reduce the difference that separated it from the 1st station considerably, from 8.1 percentage points in January to 0.5 percentage points in December, having closed the year with an average audience of 26.2%.



The recovery in audiences of the Brazilian soap operas together with the success of *Floribella*, during prime time, was noteworthy.

The transmission of the World Football Cup 2006 between June and July, the strong popularity of the prime time soap opera *Floribella*, the maintenance of the leadership position with *Fátima*, and the afternoon programme *Contacto* that regained its leadership position, were the main reasons for the increase in audience numbers throughout the year.

Among the most successful programmes in 2006 were the live coverage of special events, namely, *A Mais Bela Bandeira do Mundo*, the *Globos de Ouro*, the *Parada de Aniversário SIC*, the *Parada de Natal da SIC* and the *Venha Passar o Ano com a Floribella* that registered high audience numbers and brought SIC

into direct contact with the public.

Within the context of its cost reduction strategy, carried forward from the previous year, the excellent relationship with two international partners (Disney and Dreamworks) was maintained and the films exhibited in 2006 contributed towards excellent audience numbers.

Foreign series shown, such as *CSI*, *CSI-Miami* and *Entre Vidas*, which registered audience levels higher than the station's average, are also worthy of mention.

In 2006, SIC initiated the alteration of its programming profile, focusing on the production of national fiction, but at the same time maintaining a strong Brazilian soap opera component. The soap operas *Floribella* and *Jura*, as well as the weekly series *7 Vidas* and *Aqui Não Há Quem Viva*, were produced and began to be broadcast.

SIC newscasts maintained their own editorial principles of impartiality and rigour, and the audience numbers of SIC's daily newscasts (27.2%) were higher than the station's average, contributing towards its recovery. SIC kept up the broadcast of *A Grande Reportagem*, on a regular weekly basis and the journalistic quality of several of those reports were widely recognized, having been distinguished with seven awards.

In 2006, one of the most relevant investments was made in the news area. The new virtual equipment was reused for the restructuring of the studios and respective *régies*.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

4.3. Trend in revenues

In spite of the positive evolution of advertising revenues in the 2nd half of the year, the fall in revenues in the 1st semester was not offset. SIC thus posted advertising revenues of 115.8 M€ at year-end 2006, a fall of 2.1% in relation to the previous year. SIC's net advertising revenues reflected a 37.1% market share in terms of total advertising spending on open television, against 45.1% for TVI and 15% for RTP.

At year-end 2006, non-advertising revenues accounted for 29.5% of SIC's total revenues and presented high growth rates.

4.4. Thematic Channels

The thematic channels closed the year under review with a slight increase in revenues (0.1%), following a good performance in the 4th quarter, with an increase of 10.7%.

In 2006, SIC Notícias managed to achieve two more objectives in its internationalization process: in the USA, through a partnership with SPTV and DishNetwork, and in Cape Verde, through Cabo Verde Telecom's IPTV operation.

This fact, the rise of subscribers in the African continent (over 110,000), together with the increase in subscribers from other pay-tv operators in Portugal, as well as from TV Cabo, contributed towards the good performance in the last quarter of 2006. Altogether, the thematic channels represented 19% of the total revenues of the SIC universe and obtained an average audience share of 22.5% on Cable TV.

4.4.1. SIC Notícias

SIC Notícias, in its sixth consecutive year of operation, held its leadership position as the most-viewed channel on Cable TV, with an average audience of 12% in 2006, and once again finished the year as the fourth most-viewed national channel. This leadership was achieved in a scenario of increased TV competition and cable television choices in the areas of entertainment, sport, children and news.

This year also marked the change in the channel's image. After having undergone extensive works at the studios, SIC Notícias underwent a radical change in image and production logic, now working in three studios controlled by two *régies*. The introduction of virtual cenography in the main studio allows for variations in scenarios, and prevents one of the main risks of news channels, which is image fatigue, due to the fact that it broadcasts 24 hours per day.

4.4.2. Other Channels

SIC Radical, in the cable television channels, and within the 15-24 age group, was the third most viewed channel in 2006. In the cable television universe, it had an average audience of 4.5% and came in 7th position.

SIC Mulher occupied the ninth position in terms of the most-viewed cable television channels with an average audience of 3.1%.

SIC Comédia suspended its activity on 31 December 2006, following the renegotiation of the contract with TV Cabo. An effort was made to place the channel on other platforms, but an agreement that would guarantee the project's viability was unable to be reached. On the other

hand, the SIC Mulher channel, from January 1st 2007, began substituting SIC Comédia in the other pay-tv distributors.

SIC Internacional positioned itself, once again, as the Portuguese language free-to-air television, which offered its approximately 4 million spectators around the world the best SIC programmes in Portugal, football from the Superliga, general and sports information, Portuguese soap operas and the main talk shows that characterize SIC in Portugal.

In the international context, SIC Internacional boosted its presence with an increase in the number of subscribers in the countries where it is already distributed:

- In France, it broadened its position through new distribution platform agreements, namely with Free and T-Online;
- In Switzerland and the USA, it attracted more subscribers through the launch of ensembles of Portuguese language channels on Cablecom and Dish Network;
- In Angola, the strong growth in the subscriber base of Multichoice (in excess of 110,000) is worthy of mention.

4.5. Multimedia

Revenues from Multimedia, which comprise all of the activities of SIC Online and SIC Portátil, went up by 23.4% and already represent 5.1% of the total revenues of SIC.

4.5.1. SIC Online

SIC Online repeated in 2006 what it had achieved in the previous years and asserted its audience leadership in the online medium among media companies, having exceeded 1.6 million unique visitors.

SIC Online developed projects that revealed themselves to be fundamental as a means to increase its market share and obtain better results.

Among the various projects, the following are highlighted:

- The site *Mais Presidenciais 2006*
- The Podcast service - *Quadratura do Círculo* and *Expresso da Meia Noite* news programmes
- The site *Globos de Ouro*
- The ranking of schools
- The sites *Floribella* – the *Floribella* phenomenon was transferred from TV to the Internet and revealed itself as a hugely successful interactive experience;
- *Mundial 2006* – the World Football Cup site of SIC;
- Google search – the partnership with Holo enabled SIC to offer its users new search capabilities. Since it was launched, in September 2006, there have been 4,000 searches carried out on a daily basis;
- Breaking News on Expresso Online – SIC began providing its Breaking News service to the Expresso site;



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- Meetic – To generate new sources of revenue in the online universe, a partnership was established with the main European service provider of Online Dates;
- Ad-Words Module –a contextualized advertising module from Sapo was implemented on the SIC sites network.

4.5.2. SIC Portátil

SIC Portátil assumed, from the second quarter onwards, the management of SIC's teletext platform, which permitted a more dynamic use, both in editorial and commercial terms. Without ever having lost its existing community, in terms of the quantity of SMSs, SIC maintained a leading position, with an average of one million SMSs per month. Still within the context of the SIC Portátil, the following initiatives are worthy of mention:

- Launch of the first version of the SIC Portátil website, used as a showcase of all the mobile products and services of SIC, at <http://sic.sapo.pt/sicportatil/>;
- Creation of “participation TV” spaces at SIC. From June onwards, there was a marked increase in traffic and revenues, from the *Árvore das Patacas* and *Dómino*. The games began having two daily editions, which generated more than one million calls per month;
- WWE mobile contents provision contract and first licensing contract with reference to SIC's mobile contents;
- Mobile TV – negotiations with the first mobile operator that is to launch SIC's mobile channel – SIC Portátil – were concluded.

4.6. GMTS

The year under review was marked by the change in the company's name, from SIC – Novos Projectos e Serviços Técnicos em Telecomunicações e Multimédia to GMTS – Global Media Technology Solutions, with the intention of conquering new markets.

GMTS activity resulted in an increase in annual turnover relative to services provided to third parties of approximately 55.2%, totalling 3.8 M€. The following services provided to third parties are worthy of mention:

- Teresa Guilherme Produções, SA;
- SportTV;
- Production of events , such as *A Gala Oficial da Superliga*;
- Institutional – exploration of the institutional market;
- Advertising – production of advertising spots.

In terms of investments, there was a huge commitment in terms of post-production equipment for use by SIC and for rental to third parties. The acquisition of an outdoor bus and its reconversion to High Definition, carried out by the GMTS team, is worthy of mention. Lastly, it is also worth mentioning that GMTS is preparing an outdoors car essentially dedicated to the production of soap operas.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

4.7. Merchandising

The Merchandising area registered a 43.3% increase, with the initiatives related to the soap opera *Floribella* being worthy of mention. It is important to highlight the success of the *Floribella CD*, which was, for 14 weeks, the best selling album in Portugal, having gone 10x platinum during that period, of the *Floribella Karaoke DVD* that went 5x platinum, as well as of a range of a hundred licensed products, namely clothes and accessories, bicycles and school material.

4.8. New activities

During 2006, SIC invested in two new companies. In the 3rd quarter, SIC acquired a share in the capital of AdTech, by subscribing for a 36.67% shareholding in the enlarged share capital of the company, becoming responsible for its management. The objective of SIC is to reinforce its presence in new means of multimedia communication, namely with the entry into functioning of a new channel in the main train stations of Refer. At the same time, Adtech will undertake the commercial management of SIC Indoor, strengthening its offer of corporate tv.

In December, SIC announced the agreement to acquire the entire share capital of the publishing house SOM LIVRE, whose deed was signed in February 2007.

These two acquisitions represented an investment of 2.1 M€.

5. Newspapers

Table 3. Key Newspaper figures

	Dec-06	Dec-05 (pro-forma)	Δ %	4th Qt 06	4th Qt 05 (pro-forma)	Δ %
Total Revenues	54,963,141	56,707,945	-3.1%	15,003,046	15,866,695	-5.4%
Advertising	35,707,365	35,971,248	-0.7%	10,164,766	11,071,448	-8.2%
Publications	14,960,824	15,299,385	-2.2%	3,408,347	3,339,963	2.0%
Others	4,294,952	5,437,312	-21.0%	1,429,934	1,455,284	-1.7%
Total Operating Costs	46,313,982	44,342,546	4.4%	13,395,702	11,770,576	13.8%
Restructuring Costs	1,188,496	500,139	137.6%	667,755	338,211	97.4%
EBITDA	8,649,159	12,365,399	-30.1%	1,607,344	4,096,119	-60.8%
EBITDA (%)	15.7%	21.8%		10.7%	25.8%	
Profits before taxes	7,548,496	11,388,934	-33.7%	1,207,101	3,963,791	-69.5%

5.1. Evolution of activity

In 2006, strategic analysis of Impresa Jornais assets was undertaken, which resulted in the sale of Publiregiões, in April, and the printing company Imprejornal, in September. For this reason, comparisons have been made on the basis of the pro-forma accounts of the 4th quarter of 2005 and of the entire year of 2005, adjusted to reflect the sale of the two companies.

Total receipts came to 54.9 M€, which represented a decline of 3.1%, due primarily to a fall in revenues from the sale of associated products and, to a lesser extent, to a fall in revenues from advertising and sales of publications.

The year under review was marked by various initiatives whose main objective was to respond to a market undergoing rapid changes in competitive terms, as well as in readers' consumer habits. In addition to the transformation of the weekly publication *Blitz* into a monthly magazine, it is also worth highlighting, due to its importance, the re-launch of the *Expresso* newspaper in September 2006, in a new format.

These re-launches led to an increase in circulation revenues in the second quarter, although insufficient to offset the decline registered in the first semester of the year.

Advertising revenues fell 8.2% in the 4th quarter, year-on-year, which resulted in a slight decline of 0.2% at year-end 2006.

Other revenues, mainly from the sale of associated products, registered a decline of 21%.

Operating costs rose 4.4% in 2006, driven by the launch and promotional costs of the new *Expresso*, the start-up of Impresa Classificados, the launch of *Blitz* magazine and restructuring costs, which came to 1.2 M€. Without restructuring costs, the increase in operating costs would only have come to 3%. Staff costs fell by 10.7% in 2006, as a result of restructuring.

The trend in revenues, operating costs and restructuring costs was reflected in a year-on-year fall of 30.1% in EBITDA, totalling 8.6M€, which corresponds to a margin of 15.7%.

At year-end 2006, pre-tax earnings stood at 7.5 M€, about 33.7% below those registered in 2005 in the pro-forma version.

5.2. Sojornal - Expresso

The main objective of the changes registered in the newspaper *Expresso* were to respond to the changes in the consumption habits of readers and the turbulence of a market undergoing rapid changes in competitive terms.

The series of measures contributed towards a new sales record of 202,000 copies in November 2006.

The following actions are worthy of mention:

- Change in the editorial direction, decided in October 2005 and carried out during 2006.
- Editorial and graphic reformulation of *Actual* and *Única* in July;
- Adoption of the berliner format, as well as editorial and graphic reformulation of the Main supplement and Business supplement, with colour printing of all pages.
- Advertising campaign to promote the new *Expresso*, as well as the offer of 8 films on DVD.
- Redefinition of the existing Internet sites, in accordance with the new editorial structure.

These actions permitted the *Expresso* newspaper to close 2006 with average sales in excess of 130 thousand copies, up 3.2% in relation to 2005. In audience terms, according to the Bareme Imprensa report, the *Expresso* obtained an average audience of 7.5% in the 3rd interval, which corresponds to an increase of 1.4% in relation to the previous interval. In the most valued segments by the advertising market, the *Expresso* maintained a leading position: 15% in the ABC1 25-54 segment and 23.7% in the AB 25-54 segment.

In the alternative marketing area, in addition to the traditional and successful Yearbook and *Guia da Boa Cama e Boa Mesa*, the following launches are worthy of mention:

- *Grandes Óperas* Collection;
- *Era uma vez um Rei* Collection;
- *Roteiro Expresso Restaurantes* books, with separate editions for the Algarve, Lisbon and Porto;
- *Guia Expresso Portugal de Comboio* Collection;
- *Pequenas Grandes Histórias* Collection;
- *Bíblia, O Livro dos Livros* Collection;
- *Animais do Mundo* Collection.

At an institutional level, it is worth highlighting the National Championship of the Portuguese Language, which was a huge success in terms of participation.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

5.3. Medipress – Blitz and Autosport

In 2006, there was a decrease in revenues related with the two titles of Medipress. Sales totalled 2.3 M€, which represents a 20% decrease. This behaviour resulted from the change in periodicity of *Blitz* and the decline in sales of AutoSport.

In June, the *Blitz* weekly newspaper was transformed into a monthly magazine, involving the reorganization of the editorial department and a re-launch campaign budgeted for approximately 100 thousand euros. At the same time, the new site www.blitz.pt was launched in partnership with the portal AEIOU. As a result of these actions, average sales between June and December came to 15,500 copies, more than double the numbers registered during the last few months in which *Blitz* was edited in its newspaper version.

With regards to Autosport, the average paid circulation came to 10,958 copies, a 10% decrease in relation to 2005. The continuation of the launch of alternative marketing products, namely the collection of *Condutores de Fórmula 1* DVDs and a new series of Michell Vaillant books, is worthy of mention.

In 2007, the 30th year of publication of Autosport is commemorated, and within the context of that commemoration, the newspaper underwent a graphic and paper make-over, which took place in February 2007.

5.4. Interjornal – Courier Internacional

This was the first year of complete activity for the newspaper Courier, marked by various marketing initiatives, so as to increase the publication's sales. As a result, the average paid circulation in 2006 totalled 8,500 copies, which represented a 20% increase. The sales of subscriptions, which came to 1,803 copies at year-end 2006, contributed well towards this growth.

Total revenues came to 1.3 M€, whilst EBITDA, in spite of still being negative, improved substantially in relation to 2005.

It is also worth mentioning that during the commemorative ceremony of the first anniversary of the title, in addition to the participation, as guests, of the first subscribers to the newspaper, the Prime Minister, Eng. José Sócrates, who in his intervention highly praised the publication, was also present.

5.5. PubliSurf - SurfPortugal

SurfPortugal performed well, with news-stands sales registering a monthly average of 4,574 copies, up 15% in relation to 2005. It is also worth mentioning that Surf registered, in its fifth consecutive year, an increase in paid circulation. Advertising revenues also presented a 1.2% increase.

Sales came to 374 thousand euros, which represents an 8% increase in relation to 2005.

5.6. New activities

In June 2006, the company IMPRESA Classificados, whose objective is to develop the on-line classifieds business, was set up and launched. The last few months of the year were marked by the preparation and setting up of the company's commercial and IT structure with the Matisse system. The company began its commercial activity at the start of 2007.

In organizational terms, it is also important to mention the creation of a Multimedia department, whose main objective is to strengthen the contents of Impresa Jornais through new platforms.

6. Magazines

Table 4. Key Magazines figures

	Dec-06	Dec-05	Δ %	4th Qt 06	4th Qt 05	Δ %
Total Revenues	38,097,093	40,907,599	-6.9%	9,741,168	10,035,573	-2.9%
Advertising	16,507,855	16,315,191	1.2%	4,851,914	4,876,539	-0.5%
Publications	16,581,757	19,936,121	-16.8%	3,933,816	4,259,704	-7.7%
Others	5,007,482	4,656,287	7.5%	955,439	899,331	6.2%
Total Operating Costs	36,022,219	36,759,676	-2.0%	9,463,279	8,580,975	10.3%
Restructuring Costs	1,155,872	199,337	479.9%	913,092	199,337	358.1%
EBITDA	2,074,874	4,147,923	-50.0%	277,889	1,454,598	-80.9%
EBITDA (%)	5.4%	10.1%		2.9%	14.5%	
Profits before taxes	1,186,875	3,160,360	-62.4%	49,333	1,257,683	-96.1%

Note: The values represent 50% of the total values of EDIMPRESA, proportional to EDIMPRESA's interest

In the magazine area, 2006 continued to be characterized by a fiercely competitive environment. Total revenues fell 6.9% to 38.1 M€, driven mainly by the decrease in circulation revenues, which was not offset by the 7.5% increase in other revenues. During the 4th quarter, total revenues fell by 2.9%.

Advertising revenues rose 1.2%, representing 43.4% of total revenues, driven by good performances from the main magazines, namely *Visão*, *Caras*, *Exame* and *FHM*. In the 4th quarter, advertising revenues registered a slight decrease of 0.5%.

In 2006, circulation revenues continued their downward trend, falling 16.8% to 16.6 M€. However, in the 4th quarter, circulation revenues registered a good improvement, with a decline of only 7.7%.

During 2006, several new titles were launched, the most important of which was *Stuff*, followed by the children's magazine *Fadas*, the international business magazine *World Business*, published in association with INSEAD, and lastly in November, the launch of the magazine *Floribella*, in association with SIC.

During the year under review, some publications, namely in the children's area and *Autoguia*, were discontinued.

Within the context of the social solidarity projects, new editions in Braille, for blind people, of *Visão Júnior* and *Activa* were launched, joining the already existing *Visão* edition.

Other revenues recovered during the year, closing the year with a 7.5% increase, in addition to a 6.2% increase in the fourth quarter. The growth in the Customer Publishing area offset the fall in revenues with associated products.

The magazine segment registered a 2.1% decline in operating costs, due to the fewer number of alternative marketing actions and the reduction in variable costs in general. However, the year under review was conditioned by high restructuring costs that came to 1.15 M€ (50% of



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

Impresa's total). These costs are related to the downsizing of staff by 6.3% and exceptional provisions to cover inventory write-offs.

The fall in revenues and, above all, the high restructuring costs led to a decrease in EBITDA of 50%. Without these costs, EBITDA in 2006 would only have fallen by 22.1% in relation to 2005. The adjusted EBITDA margin came to approximately 8.4%.

The Magazine segment posted pre-tax earnings of 1.18 M€ in 2006, a decline of 62.4% in relation to 2005, due primarily to restructuring costs.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

7. Other Equity Holdings

In addition to the above-mentioned segments, the Group IMPRESA consolidates some of its investments by the equity method, specifically Vasp and Lusa, as well as auxiliary businesses such as Office-Share and Gesco.

7.1. Vasp

In 2006, VASP, in which IMPRESA holds a 33.3% equity stake, posted total revenues of 238.8 M€, which represented an 11% decline in relation to 2005. This was mainly due to the 34.6% fall in the sale of associated products as well as the generalized decline in the sale of publications.

In spite of this evolution, VASP posted net profits of 1.1 M€, a 4.3% reduction in relation to 2005.

7.2. Lusa

Lusa, where IMPRESA holds a 22.35% equity stake, continued to report profits, as a result of the restructuring plan implemented over the last few years. At year-end 2006 it posted net profits of 1.06 M€.

7.3. Office-Share

This company, in which IMPRESA holds a 50% equity stake, is a shared services unit for the newspaper and magazine segments, which consolidates the administration and finance, IT, human resources and purchasing departments, and employs 60 employees.

2006 was marked by various organizational changes and the implementation of the ERP/Oracle, information management Project, whose operational start up took place in February 2006.

7.4. Gesco

The main function of this company, in which Impresa holds a 75% equity stake, is the management of the contents of the various publications of the Impresa Group.

In December 2006, Gesco signed an agreement with the Público newspaper for the documental management of the text contents of this daily newspaper.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

8. Human Resources

8.1 Permanent Staff and profile

With regards to the human resources of the Group IMPRESA, at the end of 2006 the number of permanent staff declined to 1360 employees, 83 less than at the end of the previous year. In terms of departures, 49 took place within the scope of restructuring projects, with the remaining contraction related with the sale of Imprejornal and Publiregiões.

Women employees represent 46% of total workers. The average age of employees is 39 years.

The following chart presents a profile of the Group IMPRESA workforce, as at December 31st, 2006.

Table 5. Human Resources 2006

	Television 2006	Magazines 2006	Newspapers 2006	Others 2006	Total 2006	Total 2005
Number of workers	630	427	221	82	1,360	1,443
Male	377	185	126	47	735	835
Female	253	242	95	35	625	608
Age group (years)	37	38	43	40	38	38
Education						
Superior	335	203	130	28	696	701
12 th year	173	152	71	36	432	519
< 12 th year	99	72	20	11	202	223
Persons involved in specific courses for the development of talent	22	17	6	1	46	41
Leadership Management	16	12	2	0	30	24
Editors of the Future	2	2	2	0	6	7
Young people of high potential	4	3	2	1	10	10

8.2 Training

The 2006 training plan for Impresa 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 - 2006

	2004	2005	2006
Hours of training	15,055	26,546	25,055
Numbers trained	301	539	487

The various training programs resulted in approximately 25,000 hours of training, covering 487 individuals, which represented a slight decline in relation to the values registered in 2005, particularly due to there having been a greater commitment to specialized training rather than generic training.

During the year, several specific training and development programmes were continued while others started up, including the following:

- The 3rd Newsplex training Project in multimedia and convergence of resources and content, in the form of a joint initiative between SIC, Impresa Jornais and Edimpresa, was held;
- A Behavioural Management Training Course for Leadership was organized, directed at middle managers of the Impresa Group, based on the analysis of the results of the study *Great Places to Work*. Thirty people participated;
- Journalists and cameramen participated in a training course for reporters in an environment of conflict, organized and offered by the Practical School of Infantry of the Portuguese Military, in which they trained for a week amid risk simulations. Nine reporters from SIC, SIC Notícias, Expresso and Visão participated in this course.
- Forest Fire training, in which specialists were invited, was organized. SIC and SIC Notícias trainees, regional correspondents and journalists from Expresso participated in the course;
- 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 competences of editors, bearing in mind the new challenges faced by media companies;
- Continuation 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 business areas, for whom specific courses for developing talent and new competences were organized;
- Start up of the Journalism and Contents Production course, directed at non-editorial staff, namely general directors and senior and middle managers of the Impresa Group, with the aim of consolidating knowledge regarding basic notions of journalism, ethics and professional deontology, as well as contents production.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

9. Consolidated Accounts

As previously mentioned, the companies Publiregiões and Imprejornal were sold in April and September, respectively, such that all comparisons have been made on the basis of the pro-forma accounts of 2005.

IMPRESA posted total revenues of 255.2 M€, down 0.8% in relation to 2005. In the 4th quarter, total revenues rose 5.5%, driven by the good performance of the television area, partially offsetting the decline in revenues registered in the first semester of the year.

In 2006, multimedia, merchandising, production services, thematic channels and other revenues performed well but were unable to offset the slight decline in advertising revenues, as well as the decline in the sale of associated products.

IMPRESA's total operating costs increased by 3.1%, due to the increase in programming costs, with the transmission of the Football World Cup, the growth in merchandising activities, the offer of technical services and the expansion of multimedia activities, in addition to the costs with the relaunch of *Expresso* in its new format and the reformulation of the new magazine *Blitz*.

On the other hand, in consolidated terms, there was a decrease in restructuring costs, which came to 2.3 M€ against the 5 M€ registered in 2005. In 2006, the Newspaper and Magazine areas were the areas that most invested in restructuring (in 2005 the television area was the most active in this area). Redundancies resulted from the departure of 49 employees.

At year-end 2006, consolidated EBITDA stood at 40.4 M€, which represented a decrease of 16.8%, achieving an EBITDA margin of 15.8%. Without restructuring costs, the EBITDA margin would have stood at 42.7 M€, which represents a margin of 16.7%.

In 2006, financial losses went up by 10.9%. In addition to weaker contributions from the results of associated companies, the increase in interest rates also led to higher interest payments. On the other hand, there was a positive contribution from gains on foreign exchange in contrast to the losses on foreign exchange registered in 2005.

The year of 2006 was marked by several acquisitions, namely, the 36.7% equity stake in Ad-Tech and pre-payment of the entire share capital of Som Livre. In 2007, 50.1% of the share capital of the portal AEIOU was acquired, as well as a 67% equity stake in New Media, and the acquisition of Som Livre was concluded. In total, 3.8 M€ were invested in the purchase of these interests.

The capital expenditure plan reached 4.6 M€ in 2006, focusing on the digitalisation process of SIC's archive and the acquisition of new technical resources for GMTS.

The acquisition of a equity stakes in AEIOU and in New Media, will serve as the launch ramp for a new business area, Impresa Digital. The strategy of IMPRESA Digital involves the development, through an Internet-based platform, of the distribution of contents, videos and games and the promotion of IMPRESA Group brands. Impresa Digital initiated its activity in January 2007.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

Table 7. Income Statement 2006

	Dec-06	Dec 05 (pf)	Δ (%)	4 th Qt 2006	4 th Qt 2005 (pf)	Δ (%)
Total Revenues	255,237,863	256,969,053	-0.7%	72,051,486	68,284,533	5.5%
Television	164,002,008	162,026,595	1.2%	47,784,780	43,540,508	9.7%
Newspapers	54,963,141	56,707,945	-3.1%	15,003,046	15,866,695	-5.4%
Magazines	38,097,093	40,907,599	-6.9%	9,741,168	10,035,573	-2.9%
Inter-segments	-1,824,379	-2,673,087	31.8%	-477,508	-1,158,243	-58.8%
Operating Costs	214,821,365	208,387,443	3.1%	55,623,593	52,313,591	6.3%
Costs w/restructuring	2,403,659	5,022,245	-52.1%	1,580,847	1,306,965	21.0%
Total EBITDA	40,416,497	48,581,609	-16.8%	16,427,894	15,970,943	2.9%
EBITDA Margin	15.8%	18.9%		22.8%	23.4%	
Television	31,793,958	34,483,533	-7.8%	15,126,267	10,867,781	39.2%
Newspapers	8,649,159	12,365,399	-30.1%	1,607,344	4,096,119	-60.8%
Magazines	2,074,874	4,147,923	-50.0%	277,889	1,454,598	-80.9%
Holding Adjustments	-2,101,493	-2,415,246	-13.0%	-583,607	-447,555	30.4%
Depreciation (-)	7,566,949	7,960,161	-4.9%	1,973,268	1,898,501	3.9%
EBIT	32,849,548	40,621,448	-19.1%	14,454,626	14,072,441	2.7%
EBITMargin	12.9%	15.8%		20.1%	20.6%	
Financial Results (-)	10,424,481	9,400,560	10.9%	2,984,374	2,612,078	14.3%
Res. Bef. Taxes and Minorities	22,425,067	31,220,888	-28.2%	11,470,252	11,460,364	0.1%
Discontinued Activities (-)	1,185,580	0	n.a.	1,088,116	0	n.a.
Income Tax (-)	3,663,747	7,227,107	-49.3%	608,032	2,634,359	-76.9%
Minorities (-)	1,112,182	1,760,691	-36.8%	343,821	559,699	-38.6%
Net Profit	16,463,558	22,233,090	-26.0%	9,430,283	8,444,238	11.7%

In the taxation domain, the integration of SIC in the fiscal consolidation perimeter of IMPRESA from 2007 (inclusive) onwards, will permit the tax losses reported in the previous year's consolidation perimeter to be recovered. This change resulted in the posting of deferred tax assets in the amount of 3.3 M€, which reduced the value registered in the tax item in 2006.

The improvement in operating margins in the 2nd semester of the year resulted in net earnings of 16.4 M€ in 2006, penalized by restructuring costs and other non-recurring operational and financial costs. In relation to 2005, net earnings fell by 40.5%.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

Table 8. Balance Sheet figures 2006

	2006	2005
Non-Current Assets	377,107,104	359,674,489
Activos Current Assets	71,483,106	72,936,621
Cash and cash equivalents	20,258,217	20,208,867
Total Assets	468,848,427	452,819,977
Equity	153,314,689	137,222,739
Bank Loans	229,106,099	234,776,328
Other Liabilities	86,427,639	80,820,910
Total Liabilities	315,533,738	315,597,238
Total Equity and Liabilities	468,848,427	452,819,977

At year-end 2006, the net interest-bearing debt came to 208.8 M€, which represents a decrease of 5.7 M€ in relation to 2005. This decrease was no greater due to the fact that 2006 was a year of investment in SIC programming, with an increase in the production of national fiction, which affected negatively the cash outflows of the Group.



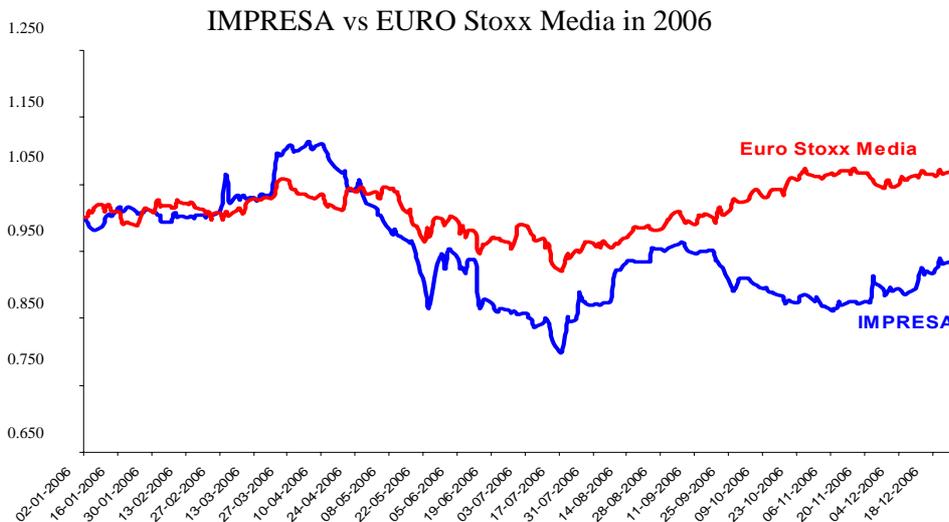
IMPRESA

Sociedade Gestora de Participações Sociais, SA.

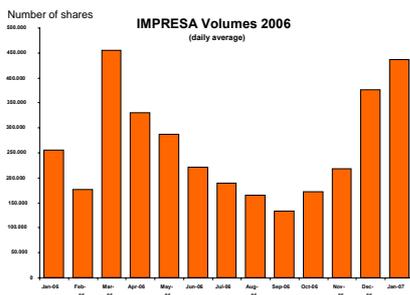
10. Impresa's Stock Market Performance

In 2005, the capital markets posted gains for the fourth year running. The PSI 20, the main index of the Portuguese stock Exchange, gained 30.3% in 2006, after having risen by 10.6% in 2005. The European Eurostoxx reference index went up by 10.4% in 2006.

On the other hand, the European media sector continued its poor performance in relation to the main indices, with the DJ Eurostoxx Media having risen by 7.3% in 2006.



Due to muted expectations of growth in its various businesses, the IMPRESA share price remained in negative territory over most of the reporting year, for a second year in a row. It suffered a 6.4% decline, which, however, by no means negates its 164% recovery over the past four years.



The continuing buoyancy of the stock market also had positive repercussions on the share's market liquidity. In 2006, daily trading volume was an average of 248,000 shares, against 187,000 in 2005 (+32.5%). This increase in volume made for a daily average of, for the first time, more than 1 M€, up 19.6% on the 2005 average.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

11. Prospects for 2007

Impresa's strategy for 2007 involves the launch of a new business area, Impresa Digital, which, considering the favourable evolution of the remaining business areas and the positive impact of recent acquisitions, leads us to envisage positive revenues and Group earnings growth for 2007.

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.

The net loss for the year was 2,214,677 €, below the net profit of 3,363,936 posted in 2005.

This decline resulted mainly from lower financial income, due to consolidation by the equity method of income from IMPRESA's equity holdings.

It is important to mention that, in 2006, in the individual accounts of Impresa and associate companies, there are goodwill amortization values registered in a total amount of 18,7 M€.

2. Proposed application of earnings

We propose that the net loss of 2,214,677 euros be applied in full to Retained Earnings.

C) ACKNOWLEDGEMENTS

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, Millennium BCP and Banco Santander Totta, for their collaboration.

Lisbon, March 8th, 2007

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 2006 AND 2005

(Amounts stated in Euros)

(Translation of balance sheets originally issued in Portuguese - Note 38)

<u>ASSETS</u>	<u>Notes</u>	<u>2006</u>	<u>2005</u>
NON-CURRENT ASSETS:			
Intangible assets			
Goodwill	18	288.846.453	287.583.101
Other intangible assets	18	1.034.142	555.871
Tangible assets	19	30.224.908	33.825.246
Investments in associated companies	20	4.896.377	3.688.743
Investment in property	21	10.990.104	11.042.577
Program broadcasting rights	22	29.985.190	18.672.899
Inventories	22	1.285.140	2.102.911
Deferred tax assets	24	4.739.048	-
Other non-current assets	16	5.105.742	6.600.720
Total non-current assets		<u>377.107.104</u>	<u>364.072.068</u>
CURRENT ASSETS:			
Program broadcasting rights	22	17.877.376	19.521.427
Inventories	22	3.126.456	4.380.295
Trade and other receivables	23	45.750.492	38.158.166
Other current assets	24	4.463.279	3.682.564
Discontinued operations	12	265.503	-
Cash and cash equivalents	25	20.258.217	20.485.213
Total current assets		<u>91.741.323</u>	<u>86.227.665</u>
TOTAL ASSETS		<u><u>468.848.427</u></u>	<u><u>450.299.733</u></u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	26	84.000.000	84.000.000
Share premium	26	97.902.257	97.902.257
Legal reserve	26	759.786	591.589
Accumulated losses and other reserves	26	(48.987.719)	(70.827.151)
Consolidated net profit for the year		16.463.558	22.007.629
Equity attributable to the shareholders of the parent company		<u>150.137.882</u>	<u>133.674.324</u>
Equity attributable to minority interest	27	3.176.807	3.461.196
Total equity		<u><u>153.314.689</u></u>	<u><u>137.135.520</u></u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	28	210.153.936	215.724.941
Trade and other payables	29	10.238.634	8.794.102
Provisions	31	4.318.835	4.209.067
		<u>224.711.405</u>	<u>228.728.110</u>
CURRENT LIABILITIES:			
Bank loans	28	18.952.163	19.053.550
Trade and other payables	29	35.291.892	31.716.274
Discontinuing operations	12	395.356	-
Other current liabilities	30	36.182.922	33.666.279
		<u>90.822.333</u>	<u>84.436.103</u>
Total liabilities		<u>315.533.738</u>	<u>313.164.213</u>
TOTAL EQUITY AND LIABILITIES		<u><u>468.848.427</u></u>	<u><u>450.299.733</u></u>

The accompanying notes form an integral part of the consolidated balance sheet as of 31 December 2006.

THE ACCOUNTANT

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 2006 AND 2005

(Amounts stated in Euros)

(Translation of profit and loss statements originally issued in Portuguese - Note 38)

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUE</u>			
Sales	10	38.365.101	44.647.011
Services rendered	10	214.200.725	210.676.086
Other operating revenue	11	2.672.037	1.645.956
Total operating revenue		<u>255.237.863</u>	<u>256.969.053</u>
<u>OPERATING EXPENSES</u>			
Cost of programs broadcast and goods sold	13	(94.151.683)	(86.613.443)
Supplies and services		(62.774.513)	(60.642.674)
Payroll	14	(54.012.425)	(57.634.059)
Amortisation and depreciation	18 and 19	(7.566.949)	(7.960.161)
Provisions and impairment losses	31	(1.526.114)	(1.568.021)
Other operating expenses	11	(2.356.631)	(1.929.247)
Total operating expenses		<u>(222.388.315)</u>	<u>(216.347.605)</u>
Operating profit		<u>32.849.548</u>	<u>40.621.448</u>
<u>FINANCIAL EXPENSES</u>			
Gain on subsidiary and associated companies	15	520.767	639.797
Interest and other financial expenses	15	(11.996.437)	(10.644.943)
Other financial income	15	1.051.189	604.586
Profit before tax		<u>(10.424.481)</u>	<u>(9.400.560)</u>
		<u>22.425.067</u>	<u>31.220.888</u>
Income tax expense	16	(3.663.747)	(7.227.107)
Discontinuing activities	12	(1.185.580)	(225.461)
Consolidated net profit for the year		<u>17.575.740</u>	<u>23.768.320</u>
Attributable to:			
Shareholders of the parent company		16.463.558	22.007.629
Minority interest	27	1.112.182	1.760.691
Earnings per share:			
Basic	17	0,1960	0,2620
Diluted	17	0,2101	0,2647

The accompanying notes form an integral part of the consolidated profit and loss statement for the year ended 31 December 2006.

THE ACCOUNTANT

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 2006 AND 2005

(Amounts stated in Euros)

(Translation of a statement of changes in equity originally issued in Portuguese - Note 38)

	Equity attributable to shareholders of the parent company						Equity	Total
	Share capital	Share premium	Legal Reserve	Retained earnings other reserves	Consolidated net profit for the year	Total	attributable to minority interest	
Balance at 31 December 2004	84.000.000	97.902.257	281.051	(87.846.276)	17.329.663	111.666.695	23.928.032	135.594.727
Appropriation of the consolidated net profit for the year	-	-	310.538	17.019.125	(17.329.663)	-	-	-
Consolidated net profit for the year	-	-	-	-	22.007.629	22.007.629	1.630.630	23.638.259
Acquisition of the minority interest in SIC	-	-	-	-	-	-	(18.752.612)	(18.752.612)
Reduction of the share capital of SIC Notícias	-	-	-	-	-	-	(2.400.000)	(2.400.000)
Changes in the consolidation perimeter	-	-	-	-	-	-	(944.854)	(944.854)
Balance at 31 December 2005	<u>84.000.000</u>	<u>97.902.257</u>	<u>591.589</u>	<u>(70.827.151)</u>	<u>22.007.629</u>	<u>133.674.324</u>	<u>3.461.196</u>	<u>137.135.520</u>
Appropriation of the consolidated net profit for the year	-	-	168.197	21.839.432	(22.007.629)	-	-	-
Consolidated net profit for the year	-	-	-	-	16.463.558	16.463.558	1.112.182	17.575.740
Dividend paid by SIC Notícias	-	-	-	-	-	-	(1.641.167)	(1.641.167)
Changes in the consolidation perimeter	-	-	-	-	-	-	216.858	216.858
Other	-	-	-	-	-	-	27.738	27.738
Balance at 31 December 2006	<u>84.000.000</u>	<u>97.902.257</u>	<u>759.786</u>	<u>(48.987.719)</u>	<u>16.463.558</u>	<u>150.137.882</u>	<u>3.176.807</u>	<u>153.314.689</u>

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2006.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005

(Amounts stated in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 38)

	2006							Total consolidated
	Notes	Television	Newspapers	Magazines	Other	Total	Eliminations	
OPERATING ACTIVITIES								
Cash receipts from customers		155.363.565	54.594.211	37.783.693	3.855.164	251.596.633	(3.187.270)	248.409.363
Cash paid to suppliers		(109.100.408)	(29.641.859)	(25.173.015)	(3.936.351)	(167.851.633)	6.148.782	(161.702.851)
Cash paid to employees		(28.403.978)	(15.539.597)	(9.380.385)	(3.656.295)	(56.980.255)	-	(56.980.255)
Cash generated from operations		17.859.179	9.412.755	3.230.293	(3.737.482)	26.764.745	2.961.512	29.726.257
Payments relating to income tax		(1.126.899)	(3.136.754)	(1.082.299)	65.266	(5.280.686)	2.970.661	(2.310.025)
Other cash received/(paid) relating to operating activities		(337.849)	(1.195.454)	(391.445)	(409.850)	(2.334.598)	(1.154.495)	(3.489.093)
Net cash from operating activities (1)		16.394.431	5.080.547	1.756.549	(4.082.066)	19.149.461	4.777.678	23.927.139
INVESTING ACTIVITIES								
Cash received relating to:								
Proceeds on disposal of tangible assets		1.139.782	-	70.923	-	1.210.705	-	1.210.705
Interest and other similar income		217.607	68.584	2.243	99.260	387.694	-	387.694
Dividends		-	-	-	19.892.926	19.892.926	(19.892.926)	-
Loans to group companies		-	2.342.067	2.150.000	4.001.094	8.493.161	(8.493.161)	-
Investments		321.863	80.000	-	83.934	485.797	(80.000)	405.797
		1.679.252	2.490.651	2.223.166	24.077.214	30.470.283	(28.466.087)	2,004.196
Cash paid relating to:								
Acquisition of investments		(1.110.000)	-	-	(1.332.574)	(2,442.574)	80.000	(2,362.574)
Acquisition of tangible assets		(1,393.392)	(743.370)	(88.078)	(438.089)	(2,662.929)	-	(2,662.929)
Acquisition of intangible assets		(17.736)	(29.897)	(27.361)	(219.282)	(294.276)	-	(294.276)
Supplementary capital contributions		-	-	-	(610.000)	(610.000)	610.000	-
Loans to group companies		-	-	-	(217.796)	(217.796)	217.796	-
Net cash used in investing activities (2)		(2,521.128)	(773.267)	(115.439)	(2,817.741)	(6,227.575)	907.796	(5,319.779)
		(841.876)	1,717.384	2,107.727	21,259.473	24,242.708	(27,558.291)	(3,315.583)
FINANCING ACTIVITIES								
Cash received relating to:								
Bank loans		123.400	-	367.606	1,159.000	1,650.006	-	1,650.006
Loans from group companies		-	94.170	-	4,976.667	5,070.837	(5,070.837)	-
Capital increases		90.000	-	-	-	90.000	-	90.000
Supplementary capital contributions		-	610.000	-	-	610.000	(610.000)	-
		213.400	704.170	367.606	6,135.667	7,420.843	(5,680.837)	1,740.006
Cash payments relating to:								
Bank loans		(2,582.108)	(1,500.000)	(2,125.000)	(6,028.464)	(12,235.572)	-	(12,235.572)
Loans from group companies		-	-	-	(8,568.524)	(8,568.524)	8,568.524	-
Lease payments		(1,290.851)	-	(27.537)	(309.471)	(1,627.859)	-	(1,627.859)
Interest and other similar expenses		(1,398.932)	(377.926)	(420.509)	(9,554.426)	(11,751.793)	-	(11,751.793)
Dividends		(10,190.808)	(8,743.285)	(2,600.000)	-	(21,534.093)	19,892.926	(1,641.167)
		(15,462.699)	(10,621.211)	(5,173.046)	(24,480.885)	(55,717.841)	28,461.450	(27,256.391)
Net cash used in financing activities (3)		(15,249.299)	(9,917.041)	(4,805.440)	(18,325.218)	(48,296.998)	22,780.613	(25,516.385)
Net Increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		303.256	(3,119.110)	(941.164)	(1,147.811)	(4,904.829)	-	(4,904.829)
Changes in the consolidation perimeter	8	867	(276.383)	-	40.176	(235.340)	-	(235.340)
Cash and cash equivalents at the beginning of the year	25	16,906.687	2,965.872	295.831	312.243	20,480.633	-	20,480.633
Cash and cash equivalents at the end of the year	25	17,210.810	(429.621)	(645.333)	(795.392)	15,340.464	-	15,340.464
2005								
	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	944.008	50,872.631
Payments relating to income tax		(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)	-
Loans to group companies		-	5,750.000	-	20,132.552	25,882.552	(25,882.552)	-
Supplementary capital contributions		-	50.000	-	-	50.000	-	50.000
Investments		-	49.900	-	-	49.900	(49.900)	-
		551.156	5,897.395	60.032	35,758.640	42,267.223	(11,673.496)	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)
Supplementary capital contributions		-	-	-	(500.000)	(500.000)	500.000	-
Loans to group companies		(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)	762.000	(154,706.481)
		(18,459.823)	(455.929)	(402.433)	(133,435.973)	(152,754.158)	(10,911.496)	(154,046.617)
FINANCING ACTIVITIES								
Cash received relating to:								
Bank loans	8	25,495.589	-	709.144	167,706.000	193,910.733	-	193,910.733
Loans from group companies		-	-	-	32,025.000	32,025.000	(32,025.000)	-
Supplementary capital contributions		-	500.000	-	7,740.000	8,240.000	-	8,240.000
		25,495.589	500.000	709.144	207,471.000	234,175.733	(19,402.000)	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 from group companies		-	-	-	(25,882.552)	(25,882.552)	25,882.552	-
Lease payments		(1,402.857)	-	(31.710)	(315.569)	(1,750.136)	-	(1,750.136)
Interest and other similar expenses		(1,242.856)	(507.383)	(605.116)	(9,088.722)	(11,444.077)	-	(11,444.077)
Supplementary capital contributions		-	(50.000)	(72.000)	(25.000)	(147.000)	50.000	(97.000)
Reduction of the share capital of SIC Noticias		(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)	(73,427.287)	(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)	22,155.459	(106,664.525)
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		3,050.632	(1,759.484)	(145.737)	(1,492.297)	(346.886)	11,243.963	(346.886)
Changes in the consolidation perimeter		-	(100.194)	-	34.332	(65.862)	-	(65.862)
Cash and cash equivalents at the beginning 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

The accompanying notes form an integral part of the cash flow statement for the year ended 31 December 2006.

INTRODUCTION

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

The Impresa Group (“the Group”) is made up of 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.

These financial statements were approved for publication by the Board of Directors on 8 March 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for presentation

The consolidated financial statements were prepared on going concern basis from the accounting records of the companies included in the consolidation (Notes 4 and 5) maintained in accordance with generally accepted accounting principles in Portugal (Official Chart of Accounts and Accounting Directives – *Plano Oficial de Contabilidade e Directrizes Contabilísticas* – issued by the Portuguese Accounting Commission - *Comissão de Normalização Contabilística*), adjusted to comply with International Financial Reporting Standards as from the years beginning 1 January 2005. International Financial Reporting Standards (IFRS) are understood to include International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), International Accounting Standards (“IAS”) issued by the International Accounting Standards Committee (“IASC”) and the related SIC and IFRIC interpretations issued by the Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretation Committee (“IFRIC”), hereinafter referred to jointly as IFRS.

Impresa adopted IFRS for preparing its financial statements for the first time in 2005, the date of transition from Portuguese accounting principles to IFRS, in compliance with IFRS 1 – First-time Adoption of International Financial Reporting Standards (“IFRS 1”), being 1 January 2004.

2.2 Basis of consolidation

a) Controlled companies

Investments in companies in which the Group has direct or indirect control over the majority of voting rights at Shareholders’ General Meetings or has the power to control their financial and operating policies, have been included in these consolidated financial statements by the full consolidation method. Third party participation in shareholder’s equity and net results of these companies is reflected separately in the consolidated balance sheet and profit and loss statement, under the caption “Minority interest”. Companies included in the consolidated financials statements are listed in Note 4.

Where losses applicable to the minority shareholders exceed the minority interest in the equity of subsidiaries, the Group absorbs the excess, except where the minority shareholders are required to cover such losses. If the subsidiary subsequently reports profits, the Group recognizes all the profit until it has recovered the minority’s portion of the losses previously recognized.

Assets and liabilities of subsidiaries are stated at fair value as of the acquisition date. Any excess of cost over the fair value of the identified net assets is recorded as goodwill. Where cost is lower than the fair value of the identified net assets, the difference is recognised as income in the profit and loss statement for the year of the acquisition. Minority interest in controlled companies is stated at the respective proportion of the fair value of the identified assets and liabilities.

The results of subsidiaries purchased or sold during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of sale, as appropriate.

Significant transactions and balances between the companies included in the consolidation were eliminated in the consolidation process. Gains on the sale of participated companies within the Group were 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 the Group.

b) Jointly controlled companies

Investments in companies in which Group has joint control over their financial and operating policies are included in the consolidated financial statements in accordance with the proportional method. In accordance with this method, assets, liabilities, income and expenses are included in the consolidated financial statements, caption by caption, in the proportion of control held by the Group.

Inter-group transactions, balances and dividends are eliminated in proportion to the Group's control.

Classification of investments in jointly controlled companies is determined based on the effective control over the participated company, determined based on the number of directors appointed and the influence over the management of the participated company.

Jointly controlled companies are listed in Note 5.

c) Investments in associated companies

An associated company is an entity over which the Group has significant influence, but does not have control or joint control through participation in decisions relating to operating and financial policies.

Investments in associated companies (Note 6) are recorded in accordance with the equity method of accounting, except where the investment is classified as held for sale. Investments in associated companies are initially recorded at cost, which is subsequently increased or decreased by the difference between cost and the proportion of equity held in the companies as of the acquisition date or the date the equity method was first applied.

Under the equity method, investments are periodically adjusted by the amount corresponding to the Group's share of the net results of the associated companies by corresponding entry to gain on subsidiary and associated companies (Note 15), and by other changes in shareholders' equity by corresponding entry to the caption "Accumulated losses and other reserves", as well as by the recognition of impairment losses.

The Group stops 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 a legal or constructive obligation to the associated company or to its creditors, or if it has made payments in favour of the associated company. If subsequently the associated company has a profit, the Group only restarts applying the equity method when its share of the profit equals the losses not recognized.

The Group performs impairment tests of investments in associated companies on an annual basis or whenever there are signs that the asset may be impaired, impairment losses being recognized in the profit and loss statement. When impairment losses previously recognized cease to exist, they are reversed up to the limit of the impairment loss recognized.

Any excess of cost over the fair value of the identifiable net assets is recognized as goodwill and included in the amount of the investment. Where 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 in the amount of the investment.

Unrealized gains on transactions with associated companies are eliminated in proportion to the Group's interest in the associated company, by corresponding entry to the investment. Unrealized losses are also eliminated, but only up to the extent that the loss does not show that the asset transferred is impaired.

d) Investment in other companies

Investments in other companies, representing participations of less than 20%, for which there is no market value, are recorded at the lower of cost or estimated realisable value.

2.3 Intangible assets

a) Goodwill

Goodwill represents the excess of cost over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associated company or jointly controlled entity as of the acquisition date. Where 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 compliance with the exception allowed in IFRS 1, the Group did not apply, on a retrospective basis, the provisions of IFRS 3 to acquisitions prior to 1 January 2004, and so goodwill on acquisitions prior to the transition to IFRS (1 January 2004) was maintained at net book value in accordance with generally accepted accounting principles in Portugal, adjusted by the effect of intangible assets not accepted by IFRS, 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 on an annual basis, or whenever there are indications of a possible loss. Any impairment loss is recognized immediately as a cost in the profit and loss statement, and can not be subsequently reversed (Note 18).

When a subsidiary, associated company or jointly controlled entity is sold, the corresponding amount of goodwill is included in the determination of the profit or loss.

b) Intangible assets, except goodwill

Intangible assets, which include software (except for software relating to fixed assets), the cost of registering trademarks and titles, licences and other user rights, are recorded at cost less accumulated amortisation and impairment losses. Intangible assets are only recognized when it is probable that they will generate future financial benefits, they are controllable and can be reliably measured.

Internally generated intangible assets, namely research and development expenses, are expensed when they occur.

Internal software maintenance and development costs are recognized in the profit and loss statement when they occur, except for development costs relating directly to projects which are expected to generate future financial benefits for the Group, in which case they are capitalized in intangible assets.

Intangible assets are amortised on a straight-line basis from the time they are available for use, 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 historical cost or cost revalued based on price indices in accordance with tax legislation in force, less accumulated depreciation.

Fixed assets acquired after that date are stated at cost less accumulated depreciation and impairment losses. Cost is defined as the purchase price, plus costs incurred with the acquisition and estimated dismantling expenses, including asset removal and site re-qualification.

As a result of the exception established in IFRS 1, revaluations recorded prior to the transition date were maintained, the amount being considered as cost for IFRS purposes.

Estimated losses incurred with the replacement of equipment before the end of their useful lives, due to technological obsolescence, are recognized as a deduction from the corresponding assets by corresponding charge to the profit and loss statement for the period.

Current maintenance and repair costs are expensed when incurred. Improvements are only capitalized as assets when they correspond to the substitution of assets written off and result in an increase in future benefits.

Tangible assets in progress are stated at cost less accumulated impairment losses and start being depreciated when they are ready for their intended use.

Tangible assets are depreciated from the time they are available for their intended use. Depreciation of cost less estimated residual value (if significant) is provided on a straight line basis from the month the assets become available for use, in accordance with the estimated useful lives of the assets:

	<u>Years</u>
Buildings and other constructions	10 – 50
Machinery and equipment	4 – 24
Transport equipment	3 – 6
Tools and dies	3 – 8
Administrative equipment	3 – 10
Other tangible fixed assets	4 – 8

2.5 Finance and operating 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) operating leases if the lease does not transfer substantially all the risks and rewards of ownership to the lessee.

Leases are classified as finance or operating in accordance with the substance of the contracts rather than their legal form.

Assets held under finance lease, as well as the corresponding liabilities, are recorded in accordance with the financial method. Under this method, the cost of the assets is recorded as tangible assets, at the lower of their fair value or the present value of the lease instalments at the inception of the lease, by corresponding credit to liabilities. The assets are depreciated in accordance with their estimated useful lives, the lease instalments being recorded as decreases in the liability and the interest and depreciation being recognized as costs in the profit and loss statement for the period to which they relate.

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

2.6 Investment in property

Investment in property comprises essentially land and buildings held for renting, capital appreciation or both, and not for use in production, the supply of goods and services or for administrative purposes.

Investment in property is initially recorded at cost, including transaction costs, the Group having opted to record it at historical cost.

Maintenance and repairs, insurance and tax costs and income from the property are recognised in the consolidated profit and loss statement for the period to which they relate. are expensed, 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 the related assets and liabilities) are stated at the lower of their book value and fair value less costs to sell and are classified as held for sale if they are to be realized through sale rather than through their continued use. This condition is considered to apply only when: (i) the sale is highly probable and the asset is available for immediate sale in its present condition; (ii) management is committed to the sale; and (iii) the sale is expected to be realized within a period of 12 months.

2.8 Financial instruments

2.8.1 Trade and other receivables

Trade and other receivables are recorded at their nominal value less impairment losses, so that they reflect their net realizable value. Impairment losses, which correspond to the difference between book value and realizable value (which is the present value of the expected cash flow discounted at the effective rate) are recognized in the profit and loss statement for the period.

2.8.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits and other applications that mature in less than three months, that are readily convertible to a known amount of cash with an insignificant risk of change in value.

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

2.8.3 Marketable securities and other treasury applications

Marketable securities and other treasury applications that mature in more than three months are recorded at the lower of cost or market value in the caption "Other current assets".

2.8.4 Trade and other payables

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

2.8.5 Bank loans

Bank loans are initially recognised at fair value, net of expenses related to the issuance of the loans and transaction costs incurred. In subsequently period loans are recorded at amortised cost. Any difference between the amount received (net of transaction costs) and the amount payable is recognised in the profit and loss statement over the term of the loan, using the effective interest rate method.

Loans that mature in less than twelve months are classified as current liabilities, unless the Group has the unconditional right to defer settlement of the loan for more than twelve months as from the balance sheet date.

2.8.6 Other financial instruments

Derivative financial instruments are used with the objective of hedging the financial risks to which the Group is exposed resulting from changes 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 internal policies approved by the Board of Directors.

Derivatives are measured at fair value. The method of recognising fair value depends on the nature and objectives of the derivatives.

Hedge accounting

Recognition of a derivative financial instrument as a hedging instrument is based on the provisions of IAS 39 as regards documentation and effectiveness.

Variations in the fair value of derivative instruments considered as "fair-value" hedging instruments, as well as the variations in the fair value of the assets or liabilities subject to the risk are recognized as financial income and expenses.

Variations in the fair value of derivative instruments considered as "cash-flow" hedging instruments are recorded in the caption "Other reserves" as regards the effective component and in financial income and expenses as regards the non-effective component. The amounts recorded under "Other reserves" are transferred to financial income and expenses in the period the hedged item also affects results.

Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with IAS 39 requirements.

Marketable instruments

Variations in the 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 recognised in 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 cost or net realizable value using the weighted average cost method.

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

- The cost of the rights is known and can be reasonably determined;
- The contents of the programs have been accepted in accordance with the conditions of the contract; and
- The programs are available for broadcasting without restriction.

Broadcasting rights and TV programs correspond essentially to contracts or agreements with third parties for the exhibition of films, series and other TV programs, and are stated specific cost. The cost of programs broadcast is recognised in the profit and loss statement when the programs are exhibited, considering the estimated number of exhibitions and the estimated benefits of each exhibition.

Information on the future financial commitments relating to the acquisition of TV programs is presented in Note 34.2.

Impairment losses (Notes 22 and 31) are recorded whenever cost exceeds the recoverable amount.

2.10 Provisions and contingent liabilities and assets

Provisions are recognised when the Group has a present legal or implicit obligation resulting from a past event, whose resolution will probably require internal resources to be spent and the amount can be reasonably estimated.

Provisions for restructuring costs are only recognized when a formal detailed plan exists, identifying the main characteristics of the project, after the plan has been communicated to the entities involved.

The amount of provisions is reviewed and adjusted at each balance sheet date to reflect the best estimate at that time.

When any of the above mentioned conditions is not met, the contingent liability is not recorded but is disclosed (Note 33), unless the possibility of an outflow of funds affecting future financial benefits is remote, in which case no disclosure is necessary.

Contingent assets resulting from past events, whose existence depends upon the occurrence of one or more uncertain future events which are not completely under the Group's control, are not recorded but are disclosed in the notes to the financial statements.

2.11 Pension liability

Some of the Group companies have assumed the commitment to grant certain employees and members of the Board of Directors hired up to 5 July 1993, pension supplements due to age and incapacity. The pension supplements consist in a percentage, which increases with the number of years of service, applied to the salary table, or a fixed percentage applied to the base salary in force in 2002.

The pension liability is recorded in accordance with the provisions of IAS 19, which establishes that companies with pension plans must recognize the cost of such benefits as the services are rendered by the benefiting employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

Accordingly, at the end of each accounting period the Group obtains an actuarial valuation, made by an independent entity, of the pension liability as of that date and the costs to be recognised in the period. The liability thus estimated is compared with the market value of the pension fund's assets in order to determine the amount of contributions to be made or to be recorded as a liability. The pension costs are recorded under the caption "Payroll" based on the amounts determined in the actuarial valuation.

The Group did not adopt the exception allowed in IFRS 1 and so the international accounting standards were adopted on retrospectively since the beginning of the plan. The actuarial gains and losses were not recognized using the "corridor" mechanism, but were recognized more rapidly, all actuarial gains and losses being recognized immediately in the profit and loss statement.

2.12 Income tax

Income tax is recorded in accordance with the provisions of IAS 12 – Income tax. Income tax for the year includes, in addition to current tax computed based on pre-tax results adjusted by the applicable tax legislation, the effect of temporary differences between pre-tax results and taxable profit, arising in the year or resulting from previous years, as well as the effect of tax losses carried forward as of the balance sheet date.

As established by IAS 12, deferred tax assets are only recognized when there is reasonable expectation that they can be used to reduce future taxable results, or when there are deferred tax liabilities that are expected to reverse in the same period as the deferred tax assets. At the end of each year a review is made of the deferred tax assets, and they are reduced whenever their future use stops being probable.

2.13 Subsidies for tangible fixed assets

State subsidies are recognized at fair value, when there is reasonable certainty that they will be received and that the Group will comply with the conditions required for their concession.

2.14 Revenue recognition and accruals basis

Sales, which comprise mainly the sale of newspapers, magazines, CD's, books and other publications, are recognized in the consolidated profit and loss statement when the risks and rewards of ownership of the assets are transferred to the buyer and the amount of revenue can be reasonably quantified. Returns are recorded as a reduction in sales, in the period to which they relate. Sales are recognized at the fair value of the amount received or receivable, net of taxes, discounts and other costs incurred to realize them.

Revenue from magazine subscriptions is deferred over the subscription period.

Income from services rendered (essentially the sale of advertising space in newspapers, magazines and television) is recognised in the consolidated profit and loss statement when the advertising is inserted or broadcast. Services rendered are recognized at the fair value of the amount received or receivable, net of taxes, discounts and other costs incurred to realize them.

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
Broadcasting of advertisements	Services rendered	Period when advertisement is broadcasted
Publication of advertisements	Services rendered	Period when the advertisement is published

Interest and financial income are recognized on an accruals basis in accordance with the applicable effective interest rate.

Income and costs are recorded in the period to which they relate, independently of when they are received or paid. Where the actual amount of income and costs is not known the amounts are estimated.

2.15 Impairment of non-current assets, excluding goodwill

The Group performs impairment tests annually or whenever it identifies an event or change in circumstance that indicates that the book value of an asset may not be recovered. Where there are indications of

impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where an individual asset does not generate cash flow independently of other assets, the recoverable amount is estimated based on the cash-generating unit to which the asset belongs.

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

Whenever the book value of an asset exceeds its recoverable amount, the Group recognizes an impairment loss, under the profit and loss statement caption "Other operating costs"

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

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

Impairment losses recognised in prior periods are reversed when it is concluded that such losses no longer exist or have decreased. The reversal of impairment losses is recognised in the profit or loss statement caption "Other operating revenue". However impairment losses are only reversed up to the amount that would have been recognized (net of amortization and depreciation) if the impairment loss had not been recognized in previous periods.

Impairment losses relating 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 the Bank of Portugal, except where there are exchange rate fixing contracts, in which case the rate used is that defined in the contract (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 profit and loss statement.

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 being traded in less than one year are classified as current assets and liabilities in the consolidated balance sheet.

2.18 Subsequent events

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

3. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND THE CORRECTION OF FUNDAMENTAL ERRORS

There were no changes in accounting policies in 2006 in relation to those used to prepare the financial statements for the preceding year, and no significant corrections of prior year errors were recognized.

As a result of uncertainties inherent in the activities, the amounts estimated are based on the last reliable information available. The main estimates relate to the useful life of assets, impairment tests (goodwill and other assets), adjustments to assets and provisions and the fair value of financial instruments. The revision

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
 (Amounts stated in Euros)

of an estimate of a previous period is not considered an error. Changes in estimates are recognized prospectively in results and, if material, are disclosed.

In accordance with IFRS, when material errors relating to previous years are identified, the comparative information included in the financial statements for the period in which the error was identified are corrected retrospectively.

The estimates were made based in the best information available at the time of preparing the consolidated financial statements. However, events can occur in subsequent periods which, due to their unpredictability, were not considered in these estimates. Significant changes to these estimates, occurring after the date the financial statements were prepared are reflected in the profit and loss statement on a prospective basis, as defined in IAS 8.

4. COMPANIES INCLUDED IN THE CONSOLIDATION

The companies included in the consolidation by the full consolidation method, their head offices and the proportion of capital effectively held in them at 31 December 2006 and 2005 were as follows:

Companies	Location	Main activity	Effective participation	
			31/12/2006	31/12/2005
Impresa - Sociedade Gestora de Participações Sociais, S.A. (parent company)	Lisboa	Holding company	Parent	Parent
Impresa Jornais - Sociedade Gestora de Participações Sociais, S.A. ("Impresa Jornais")	Lisboa	Holding company	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")	Camaxide	Television broadcasting - open sign	100.00%	51.00%
GMTS - Global Media Technology Solutions - Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda. ("GMTS")	Camaxide	Rendering services	100.00%	51.00%
SIC Online - Comunicação e Internet, Sociedade Unipessoal, Lda. ("SIC Online")	Camaxide	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")	Camaxide	Television: closed circuit	65.00%	33.15%
Lisboa TV - Informação e Multimédia, S.A. ("SIC Notícias")	Camaxide	Cable television	60.00%	30.60%
SIC Filmes, Lda. ("SIC Filmes")	Camaxide	Films production	51.00%	25.50%
Impresa Classificados - Publicidade, Lda. ("Impresa Classificados")	Lisboa	Sale of advertising	100.00%	-
Páginas Longas - Sociedade Jornalística e Editorial, Lda. ("Páginas Longas")	Lisboa	Newspaper publishing	60.00%	-
AEIOU - Investimentos Multimédia, Lda. ("AEIOU")	Porto	Contents management	50.10%	-
Adtech - Advertising Technologies, Comunicação Multimédia, S.A. ("Adtech")	Camaxide	Television broadcasting - closed circuit	36.67%	-
TV PRO - Sociedade Unipessoal, Lda. ("TV PRO")	Camaxide	Cable television	100.00%	-

Publiregiões – Sociedade Jornalística e Editorial, Lda. ("Publiregiões") and Imprejornal – Sociedade de Imprensa, S.A. ("Imprejornal") have been excluded from the consolidated financial statements for the year ended 31 December 2006 (Note 8).

During the year ended 31 December 2006, Impresa Classificados, Páginas Longas and TV PRO were founded, and AEIOU and Adtech were acquired (Note 8). Adtech has been consolidated by the full consolidation method, as the Group has control over its operations and finances, as a result of a shareholders' agreement.

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 in them as of 31 December 2006 and 2005 are as follows:

Companies	Location	Main activity	31/12/2006	31/12/2005
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%
Office Share - Gestão de Imóveis e Serviços, Lda. ("Office Share")	Oeiras	Real estate management and services	50.00%	50.00%

These companies were included in the consolidation by the proportional consolidation method, as their management and control are shared equally with the other shareholder. The amounts of their assets, liabilities, income and costs are shown in Note 9.

Comfutebol – Edições Desportivas, Lda. ("Comfutebol") has been excluded from the consolidated financial statements as of 31 December 2006 (Note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)**6. ASSOCIATED COMPANIES**

The investments in associated companies are recorded in accordance with the equity method. Their head offices and the proportion of capital effectively held in them at 31 December 2006 and 2005 are as follows:

Associated companies	Effective participation	
	31/12/2006	31/12/2005
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 Impresa Jornais.

7. OTHER COMPANIES

The investments in other companies and the proportion of capital effectively held in them at 31 December 2006 and 2005 are as follows:

Affiliated Companies	Effective participation	
	31/12/2006	31/12/2005
PTDP – Plataforma de Televisão Digital Portuguesa, S.A. ("PTDP") (a)	10.00%	10.00%
NP - Notícias de Portugal, C.R.L. ("NP") (b)	8.93%	8.93%
Morena Films, Lda. ("Morena Films") (a) (c)	-	4.73%
Sociedade Gestora de Televisión, Net TV, S.A. ("Net TV") (a) (c)	-	5.10%

These investments are recorded at the lower of cost or estimated realizable value.

- (a) Investment held directly by SIC.
 (b) Investment held directly by Sojornal, SIC and Edimpresa.
 (c) Investment held for sale at 31 December 2005, sold during the year ended 31 December 2006.

8. CHANGES IN THE CONSOLIDATION PERIMETER

The changes in the consolidation perimeter in the year ended 31 December 2006 were as follows:

- Sale of Publiрегиões and Imprejornal for 600 Euros and 5,000,000 Euros, respectively, resulting in a loss of 1,182,876 Euros (Note 12);
- Classification of Comfutebol as discontinued operation as it is in the process of discontinuation (Note 12);
 - Foundation of Impresa Classificados, Páginas Longas and TV PRO (Note 4);
- Acquisition of 51% of AEIOU's share capital and 36.67% of Adtech's share capital, for 1,232,574 Euros and 110,000 Euros, respectively, resulting in goodwill of 1,168,152 Euros and 95,200 Euros, respectively (Notes 4 and 8).

The changes in the consolidation perimeter in the year ended 31 December 2005 were as follows:

- Acquisition of 49% of the capital of SIC, the Group becoming its sole shareholder;
- Merger of Mediger – Sociedade Jornalística e Editorial, Lda., into Medipress – Sociedade Jornalística e Editorial, Lda;
- Sojornal.com – Consultoria Internet, Lda. was liquidated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

The notes to the financial statements that show the changes in the balance sheet accounts in the years ended 31 December 2006 and 2005, include a line entitled “Changes in the consolidation perimeter”, that reflects the effect of the changes in the composition of the companies included in the consolidation.

9. SEGMENT REPORTING

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

Television- The Group is the sole shareholder of SIC, which broadcasts by open signal and cable, under broadcasting licences, the television channels “SIC”, “SIC Notícias”, “SIC Radical”, “SIC Comédia”, “SIC Internacional”, “SIC Mulher”, and in closed circuit “SIC INDOOR”.

Magazines – The Group publishes, through Edimpresa, a wide range of magazines covering several areas, including business, politics, automobiles and society. The Group also includes half of Gesco’s operations in this segment.

Newspapers – The Company publishes weekly newspaper “Expresso”, the weekly music newspaper “Blitz”, the weekly automobile newspaper “Autosport”, the monthly publication “Surf Portugal”, and the weekly newspaper “Courier internacional”. The Group also includes half of Gesco’s operations in this segment.

Others- Includes the Group’s investments of Media Zoom, Office-Share and AEIOU.

No customer contributes 10% or more to the Group’s revenue in any of the periods covered by 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 those of the Group.

The majority of the Group’s revenue is generated in Portugal and majority of its assets are located in Portugal.

a) Reporting by principle segment – Business segment:31 December 2006:

	Television	Newspapers	Magazines	Others	Segment total	Eliminations	Consolidated total
Sales - external costumers	-	18,793,911	19,571,190	-	38,365,101	-	38,365,101
Sales - intersegment revenues	-	6,873	14	-	6,887	(6,887)	-
Services rendered - external costumers	161,215,502	35,743,969	17,158,664	82,590	214,200,725	-	214,200,725
Services rendered - intersegment revenues	1,023,966	261,444	181,795	2,258,883	3,726,088	(3,726,088)	-
Other operating revenues - external costumers	1,687,540	156,915	789,175	38,407	2,672,037	-	2,672,037
Other operating revenues - intersegment revenues	75,000	29	396,255	872,290	1,343,574	(1,343,574)	-
Total operating income	164,002,008	54,963,141	38,097,093	3,252,170	260,314,412	(5,076,549)	255,237,863
Cost of sales and broadcasting costs	(76,372,634)	(9,487,583)	(8,291,466)	-	(94,151,683)	-	(94,151,683)
Supplies and services	(26,277,883)	(21,705,452)	(18,155,650)	(1,712,077)	(67,851,062)	5,076,549	(62,774,513)
Payroll	(27,595,761)	(13,989,091)	(9,415,795)	(3,011,778)	(54,012,425)	-	(54,012,425)
Depreciation and amortisation	(5,965,624)	(791,321)	(411,256)	(398,748)	(7,566,949)	-	(7,566,949)
Provisions	(1,120,160)	(322,645)	(27,500)	(55,809)	(1,526,114)	-	(1,526,114)
Other operating expenses	(841,612)	(809,211)	(131,808)	(574,000)	(2,356,631)	-	(2,356,631)
Total operating expenses	(138,173,674)	(47,105,303)	(36,433,475)	(5,752,412)	(227,464,864)	5,076,549	(222,388,315)
Operating profit	25,828,334	7,857,838	1,663,618	(2,500,242)	32,849,548	-	32,849,548
Gains and losses in affiliated companies	-	-	-	520,767	520,767	-	520,767
Other financial income	(154,359)	(309,342)	(476,743)	(10,004,804)	(10,945,248)	-	(10,945,248)
Profit before tax	25,673,975	7,548,496	1,186,875	(11,984,279)	22,425,067	-	22,425,067
Income tax expense	(6,502,946)	(2,387,762)	(413,507)	5,640,468	(3,663,747)	-	(3,663,747)
Minority interest	(1,158,154)	12,187	34,918	(1,133)	(1,112,182)	-	(1,112,182)
Discontinuing activities (Note 12)	-	-	(2,704)	(1,182,876)	(1,185,580)	-	(1,185,580)
Result for the year	18,012,875	5,172,921	805,582	(7,527,820)	16,463,558	-	16,463,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
 (Amounts stated in Euros)

31 December 2005:

	Television	Newspapers	Magazines	Others	Segment total	Eliminations	Consolidated total
Sales - external costumers	-	20,465,264	24,181,747	-	44,647,011	-	44,647,011
Sales - intersegment revenues	-	27,253	10,878	-	38,131	(38,131)	-
Services rendered - external costumers	159,878,691	35,189,509	15,607,886	-	210,676,086	-	210,676,086
Services rendered - intersegment revenues	1,457,115	578,444	80,408	-	2,115,967	(2,115,967)	-
Other operating revenues - external costumers	607,841	447,475	542,742	47,898	1,645,956	-	1,645,956
Other operating revenues - intersegment revenues	82,948	-	483,913	2,608,176	3,175,037	(3,175,037)	-
Total operating income	162,026,595	56,707,945	40,907,574	2,656,074	262,298,188	(5,329,135)	256,969,053
Cost of sales and broadcasting costs	(72,894,216)	(8,279,749)	(5,483,266)	-	(86,657,231)	43,788	(86,613,443)
Supplies and services	(22,862,939)	(19,674,102)	(21,386,645)	(1,781,599)	(65,705,285)	5,062,611	(60,642,674)
Payroll	(29,911,530)	(15,289,706)	(9,436,354)	(2,996,469)	(57,634,059)	-	(57,634,059)
Depreciation and amortisation	(6,624,039)	(643,015)	(446,376)	(246,731)	(7,960,161)	-	(7,960,161)
Provisions	(1,273,879)	(281,642)	(12,500)	-	(1,568,021)	-	(1,568,021)
Other operating expenses	(600,497)	(817,347)	(438,477)	(642,264)	(2,498,585)	569,338	(1,929,247)
Total operating expenses	(134,167,100)	(44,985,561)	(37,203,618)	(5,667,063)	(222,023,342)	5,675,737	(216,347,605)
Operating profit	27,859,495	11,722,384	3,703,956	(3,010,989)	40,274,846	346,602	40,621,448
Gains and losses in affiliated companies	-	-	-	639,797	639,797	-	639,797
Other financial income	(1,414,188)	(333,450)	(531,329)	(7,761,390)	(10,040,357)	-	(10,040,357)
	(1,414,188)	(333,450)	(531,329)	(7,761,390)	(9,400,560)	-	(9,400,560)
Profit before tax	26,445,307	11,388,934	3,172,627	(10,132,582)	30,874,286	346,602	31,220,888
Income tax expense	(6,198,237)	(3,275,291)	(970,910)	3,217,331	(7,227,107)	-	(7,227,107)
Minority interest	(1,701,186)	(138,382)	(27,496)	106,373	(1,760,691)	-	(1,760,691)
Discontinuing activities (Note 12)	-	(217,283)	(8,178)	-	(225,461)	-	(225,461)
Result for the year	18,545,884	7,757,978	2,166,043	(6,808,878)	21,661,027	346,602	22,007,629

The results of discontinued operations and non-current assets held for sale included in the consolidated financial statements as of 31 December 2006 and 2005 are shown in Note 12.

Assets, liabilities and other significant information by segment and reconciliation with the consolidated totals are as follows:

31 December 2006:

	Television	Newspapers	Magazines	Others	Segment Total	Eliminations	Consolidated Total
Consolidation differences	269,542	-	10,169,561	278,407,350	288,846,453	-	288,846,453
Financial Investments	1,009,988	6,235	2,494	4,777,660	5,796,377	(900,000)	4,896,377
Other assets	135,261,170	31,261,129	8,808,714	31,208,202	206,539,215	(31,433,618)	175,105,597
Total assets	136,540,700	31,267,364	18,980,769	314,393,212	501,182,045	(32,333,618)	468,848,427
Bank loans	25,691,989	7,648,906	7,616,918	188,148,286	229,106,099	-	229,106,099
Other liabilities	54,201,493	15,405,892	9,945,284	41,039,961	120,592,630	(34,164,991)	86,427,639
Total liabilities	79,893,482	23,054,798	17,562,202	229,188,247	349,698,729	(34,164,991)	315,533,738
Other informations:							
Additions to fixed assets	7,724,558	586,484	85,531	538,177	8,934,750	-	8,934,750
Depreciation and amortisation	5,965,305	747,529	411,473	442,642	7,566,949	-	7,566,949
Impairment losses and decreases in stock realization value recognized in results	561,038	478,208	2,002,546	-	3,041,792	-	3,041,792
Reversion in impairment losses and decreases in stock realization values	(655,851)	(263,982)	(2,142,594)	(19,705)	(3,082,132)	-	(3,082,132)
Average number of employees	640	239	451	95	1,425	-	1,425

31 December 2005:

	Television	Newspapers	Magazines	Others	Segment Total	Eliminations	Consolidated Total
Consolidation differences	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	(36,836,864)	78,385,722
Total liabilities	73,565,947	24,951,551	18,002,925	233,480,654	350,001,077	(36,836,864)	313,164,213
Other informations:							
Additions 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

The column "Others" corresponds to assets and liabilities owned by Impresa and other sub-holding companies of the Group, whose activity consists essentially of managing investments and so the corresponding assets include goodwill relating to television and newspapers in the amount of 256,515,098 Euros and 20,724,100 Euros, respectively, and 1,168,152 Euros relating to the acquisition of a participation in AEIOU, as well as the corresponding liabilities, namely bank loans used to finance the acquisition of the investments.

b) Reporting by secondary segment – Geographic markets:

Operating revenue by geographic market in the years ended 31 December 2006 and 2005 was as follows:

	Portugal		Other markets		Total	
	31-12-2006	31-12-2005	31-12-2006	31-12-2005	31-12-2006	31-12-2005
Sales - external costumers	38,330,691	44,641,053	34,410	5,958	38,365,101	44,647,011
Services rendered - external costumers	209,170,534	206,555,933	5,030,191	4,120,153	214,200,725	210,676,086
Other operating revenues - external costumers	2,672,037	1,645,956	-	-	2,672,037	1,645,956
Total operating revenues	<u>250,173,262</u>	<u>252,842,942</u>	<u>5,064,601</u>	<u>4,126,111</u>	<u>255,237,863</u>	<u>256,969,053</u>

10. SALES AND SERVICES RENDERED BY ACTIVITY

Sales and services rendered for the years ended 31 December 2006 and 2005 are as follows:

	2006	2005
Sales		
Publishing - newspapers	14,960,824	15,299,385
Publishing - magazines	16,581,757	19,936,121
Other - newspapers	3,833,087	5,165,879
Other - magazines	2,989,433	4,245,626
Total sales	<u>38,365,101</u>	<u>44,647,011</u>
Services rendered		
Television		
Advertising	114,825,119	116,879,992
Cable channels	31,189,330	31,145,296
Multimedia	8,400,090	6,806,348
Merchandising	2,727,909	1,903,647
Other	4,073,054	3,143,408
	<u>161,215,502</u>	<u>159,878,691</u>
Newspapers		
Advertising	35,445,921	35,189,509
Other	298,048	-
	<u>35,743,969</u>	<u>35,189,509</u>
Magazines		
Advertising	16,326,060	15,607,886
Other	832,604	-
	<u>17,158,664</u>	<u>15,607,886</u>
Other	82,590	-
Total services rendered	<u>214,200,725</u>	<u>210,676,086</u>
Total sales and services rendered	<u>252,565,826</u>	<u>255,323,097</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)11. OTHER OPERATING REVENUE AND EXPENSES

Other operating revenue for the years ended 31 December 2006 and 2005 is made up as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Supplementary income	1,800,359	1,110,426
Gains in disposals of fixed assets (a)	661,009	92,100
Reversal of impairment losses (Note 31)	81,623	-
Other operating revenue	<u>129,046</u>	<u>443,430</u>
	<u><u>2,672,037</u></u>	<u><u>1,645,956</u></u>

(a) This caption for the year ended 31 December 2006 includes indemnity of 597,055 Euros received from insurance companies relating to accidents with fixed assets of SIC and GMTS.

Other operating expenses for the years ended 31 December 2006 and 2005 are made up as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Impairment losses (Note 31)	1,176,825	1,401,767
Taxes	610,600	672,444
Losses on the sale / liquidation of companies	11,670	88,020
Losses on the sale of fixed assets	-	2,874
Reversion of impairment losses (Note 31)	(365,873)	(1,071,111)
Other operating expenses	<u>923,409</u>	<u>835,253</u>
	<u><u>2,356,631</u></u>	<u><u>1,929,247</u></u>

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

Non-current assets held for sale / discontinued operations at 31 December 2006 and 2005 are made as follows:

	<u>Effective percentage of capital held 31-12-2006</u>	<u>Effective percentage of capital held 31-12-2005</u>
Imprejornal (a)	-	100%
Publiregiões (b)	-	60%
Net TV (c)	-	5.10%
Morena Films (d)	-	4.73%
Comfutebol (e)	25.00%	25.00%
Global S 24 (f)	50.00%	50.00%

- (a) On 1 April 2005 Impresa signed a contract with the objective of selling Imprejornal, which was completed in September 2006 with a loss of 1,104,080 Euros to the Group.
- (b) During the year ended 31 December 2006 the Group sold Publiregiões at a loss of 78,796 Euros.
- (c) During the year ended 31 December 2005 the Group informed the remaining shareholders of Net TV of its decision to sell this investment, which occurred in January 2006 without a significant gain or loss.
- (d) At 31 December 2005 this investment was held for sale, which occurred in January 2006 without a significant gain or loss.
- (e) During the year ended 31 December 2005 the operations of this company relating to the publishing of "Doze" magazine, were discontinued. This company currently has no employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

(f) This company is expected to be liquidated in the short term.

The results of discontinued operations (or assets held for sale) included in the consolidated financial statements as of 31 December 2006 and 2005 were as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Publiregiões (Note 8)	78,796	207,358
Imprejornal (Note 8)	1,104,080	9,925
Comfutebol (Note 8)	2,704	8,178
	<u>1,185,580</u>	<u>225,461</u>

The assets and liabilities held for sale as of 31 December 2006 and 2005 are as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Financial investments :		
Net TV (Note 20)	-	543,879
Morena Films (Note 20)	-	268,044
Global S 24 (Note 20)	1,091,825	1,091,825
Accumulated impairment losses on Net TV (Note 20)	-	(272,015)
Accumulated impairment losses on Morena Films (Note 20)	-	(218,044)
Accumulated impairment losses on Global S 24 (Note 20)	<u>(1,091,825)</u>	<u>(1,091,825)</u>
	-	<u>321,864</u>
Imprejornal:		
Fixed assets	-	4,336,430
Inventories	-	209,151
Customers and other current assets	-	1,306,308
	-	<u>5,851,889</u>
Total assets held for sale	-	<u>6,173,753</u>
Suppliers and other current liabilities	-	(830,073)
Bank loans	-	-
	-	<u>(830,073)</u>
Comfutebol:		
Fixed assets	8,167	-
Customers and other current assets	<u>257,336</u>	-
	<u>265,503</u>	-
Total assets classified as held for sale	<u>265,503</u>	-
Suppliers and other current liabilities	(393,856)	-
Bank loans	<u>(1,500)</u>	-
Total liabilities related to assets classified as held for sale	<u>(395,356)</u>	-
Net assets held for sale	<u>(129,854)</u>	<u>5,343,680</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)13. COST OF PROGRAMS BROADCAST AND GOODS SOLD

The cost of programs broadcast and goods sold for the years ended 31 December 2006 and 2005 were as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Broadcasting costs	76,372,633	72,894,216
Raw materials consumed	12,231,183	7,613,135
Cost of sales	5,738,842	5,121,404
Impairment of inventories (Note 31)	1,864,967	2,025,807
Losses on inventories	-	608,811
Reversion of impairment inventories (Note 31)	(2,055,942)	(1,628,813)
Regularization of inventories	-	(21,117)
	<u>94,151,683</u>	<u>86,613,443</u>

14. PAYROLL

Payroll for the years ended in 31 December 2006 and 2005 is made up as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Wages and other employee benefits	43,244,476	41,936,257
Social security contributions	10,767,949	15,697,802
	<u>54,012,425</u>	<u>57,634,059</u>

During the years ended 31 December 2006 and 2005 the average number of employees of the Companies included in consolidation was 1,425 and 1,427, respectively.

15. FINANCIAL EXPENSES

Financial expenses for the years ended 31 December 2006 and 2005 are made up as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
<u>Gains and losses in affiliated companies:</u>		
Gains in affiliated companies (Note 20)	520,767	639,797
<u>Interest and other financial costs:</u>		
Interest expenses	(11,487,681)	(9,244,086)
Foreign exchange losses	(16,555)	(576,572)
Impairment losses in financial investments (Note 20)	-	(35,348)
Impairment losses in investment properties	-	(64,746)
Losses arising from the valuation of derivative instruments (Note 32) (a)	(59,594)	-
Other financial expenses	(432,607)	(724,191)
	<u>(11,996,437)</u>	<u>(10,644,943)</u>
<u>Other financial income:</u>		
Interest income	349,991	419,732
Foreign exchange gains	612,012	-
Financial discounts obtained	51,483	-
Reversion of impairment losses in financial investments (Note 20)	-	50,000
Gains arising from the valuation of financial instruments (Note 32) (a)	31,924	134,854
Other financial income	5,779	-
	<u>1,051,189</u>	<u>604,586</u>
Financial results	<u>(10,424,481)</u>	<u>(9,400,560)</u>

(a) This caption includes essentially losses incurred on the on the recording of financial instruments (forward exchange contracts) at fair value.

16. DIFFERENCES BETWEEN ACCOUNTING AND TAX RESULTS

The Impresa Group 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%. As from 1 January 2007 the Municipal Surcharge can be fixed at a maximum rate of 1.5% of the taxable income, resulting in a total tax rate of 26.5%. Additionally, because of their legal form, some of the Group companies are subject to the tax rules for holding companies (“Sociedades Gestoras de Participações Sociais”). In accordance with this legislation, the gain and loss on group companies resulting from application of the equity method, dividends received from participated companies, amortization of goodwill arising on the acquisition of investments and financial expenses relating to the acquisition of investments, are not considered for tax purposes.

Impresa is subject to corporate income tax on a consolidated basis with its subsidiaries Impresa Jornais, Soincom, Sojornal, Medipress, Publisurf, Mediazoom and Interjornal under the Special Regime for the Taxation of Groups of Companies. SIC is subject to corporate income tax on a consolidated basis with its subsidiaries SIC Online and GMTS under the Special Regime for the Taxation of Groups of Companies.

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

In 2002 a company merged into Edimpresa received additional corporate income tax assessments from the tax authorities, and was notified to pay an additional 1,621,065 Euros (including interest of 367,787 Euros). Considering the exceptional tax rules relating to interest for late payment at the end of 2002, that company decided to pay part of the additional assessments, the unpaid amount at 31 December 2006 being 856,765 Euros. The company has appealed against the additional assessments, and its management believes that the assessments are unfounded. Additionally, in 2005 the participated company received an additional tax assessment of 731,593 Euros, which also has been contested by the company, as management believes that it is unfounded (Note 33).

In 2005 Office Share received additional corporate income tax assessments from the tax authorities in the amount of 176,000 Euros for the year 2004. The management of Office Share believes that the additional assessments are unfounded and has contested them.

In 2006 and previous years SIC was notified by the tax authorities to pay approximately 2,800,000 Euros, as a result of corporate income tax inspections of certain transactions carried out in the years 1997 to 2003. The Company, based on the opinion of its legal advisors, has appealed against the notifications, as it believes they are unfounded, and has not recorded any provision for this matter. In addition, the Company obtained bank guarantees for this matter.

The Impresa Group’s management believes that possible corrections resulting from revisions or inspections of the tax returns by the tax authorities, including the matters referred to above, will not have a significant effect on the consolidated financial statements as of 31 December 2006.

The Group records deferred taxes resulting from temporary differences between the tax and accounting bases of its assets and liabilities. Deferred tax assets and liabilities recognized as of 31 December 2006 and 2005 are follows:

a) Temporary differences – movement in deferred tax assets and liabilities**31 December 2006:**

	Deferred tax assets						Total
	Accrued expenses	Asset derecognition	Accounts receivable adjustments	Inventories adjustments	Provisions for other risks and charges	Tax losses carried forward	
Balances as of 31 December 2005	200,064	213,878	144,410	519,929	201,933	5,320,506	6,600,720
Increases / decreases	12,428	(201,688)	(57,878)	(94,478)	(95,413)	(930,321)	(1,367,350)
Change in tax rate	(7,727)	(443)	(3,147)	(15,471)	(3,873)	(96,967)	(127,628)
Balances as of 31 December 2006	204,765	11,747	83,385	409,980	102,647	4,293,218	5,105,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

31 December 2005:

	Deferred tax assets						Total
	Accrued expenses	Asset derecognition	Accounts receivable adjustments	Inventories adjustments	Provisions for other risks and charges	Tax losses carried forward	
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	<u>200,064</u>	<u>213,878</u>	<u>144,410</u>	<u>519,929</u>	<u>201,933</u>	<u>5,320,506</u>	<u>6,600,720</u>

Deferred taxes to be recorded in accordance with IAS 12 - "Income Taxes", relate essentially to tax losses carried forward as of 31 December 2006 and to non tax deductible provisions, except for SIC Online. Since the management of that subsidiary believes that there will be insufficient future taxable income to cover the losses, the Group has decided not to record the corresponding deferred tax assets.

	Tax losses carried forward considered for the computation of deferred taxes		Tax losses carried forward not considered for the computation of deferred taxes		Total
	31-12-2006	Previous years	31-12-2006	Previous years	
SIC and affiliates	-	3,956,263	637,532	3,038,760	7,632,555
Edimpresa and affiliates	-	-	76,394	376,592	452,986
Impresa (tax consolidation)	13,216,609	-	301,366	7,721,957	21,239,932
Páginas Longas	-	-	2,011	-	2,011
Impresa Classificados	-	-	57,172	-	57,172
AEIOU	-	-	248,707	261,260	509,967
	<u>13,216,609</u>	<u>3,956,263</u>	<u>1,323,182</u>	<u>11,398,569</u>	<u>29,894,623</u>
Income tax	<u>25.0%</u>	<u>25.0%</u>			
	<u>3,304,152</u>	<u>989,066</u>			

Tax losses carried forward of 29,943,414 Euros at 31 December 2006 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
2008	1,533,961	1,851,146	3,385,107
2009	12,415,689	8,540,562	20,956,251
2010	-	785,772	785,772
2011	-	221,089	221,089
2012	<u>3,223,222</u>	<u>1,371,973</u>	<u>4,595,195</u>
	<u>17,172,872</u>	<u>12,770,542</u>	<u>29,943,414</u>

The Group evaluated the deferred taxes to be recognised as a result of the transition adjustments to IFRS. Where the adjustments result in deferred tax assets they were only recorded when there was sufficient expected future taxable income to realise them. This evaluation was made based essentially on the business plans of the Group companies, which are reviewed and updated periodically.

b) Reconciliation of the tax rate

Income tax for the years ended 31 December 2006 and 2005 is as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Profit before tax	21,336,678	31,220,888
Nominal income tax rate	<u>27.5%</u>	<u>27.5%</u>
Estimated tax charge	5,867,586	8,585,744
Tax losses from previous years (i)	(2,498,347)	-
Tax losses used	(923,837)	(1,717,435)
Tax losses carried forward	342,993	264,260
Permanent differences (i)	394,758	-
Income tax adjustments (ii)	237,819	143,441
Change of tax rate	127,628	-
Corrections to prior years income tax	115,147	-
Income tax	<u>3,663,747</u>	<u>7,276,010</u>
Effective income tax rate	<u>17.17%</u>	<u>23.30%</u>
Current income tax (Notes 24 and 30)	2,168,769	1,919,434
Deferred income tax for the year	<u>1,494,978</u>	<u>5,307,673</u>
	<u>3,663,747</u>	<u>7,227,107</u>

(i) During the year ended 31 December 2006 the Company recorded deferred tax assets relating to tax losses carried forward from previous years in the tax group headed by the Company, by the amount expected to be recovered with the inclusion of SIC in the tax group in 2007.

(ii) At 31 December 2006 and 2005 this caption was made up as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Effect of the equity method of accounting	(520,767)	(639,797)
Penalties	476,811	
Non deductible amortisation	165,444	609,749
Accounting capital gains	(131,888)	48,131
Accounting capital losses	94,487	88,020
Confidential expenses	63,244	41,790
Tax capital gains	(440,499)	(86,831)
Tax capital losses	-	(250,000)
Other, net	1,728,651	11,109
	<u>1,435,483</u>	<u>(177,829)</u>
Nominal income tax rate	<u>27.5%</u>	<u>27.5%</u>
	<u>394,758</u>	<u>(48,903)</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)17. EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2006 and 2005 were computed considering the following amounts:

	<u>31-12-2006</u>	<u>31-12-2005</u>
<u>Number of shares</u>		
Weighted 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	-	-
Weighted average number of shares for purposes of computing diluted earnings per share	<u>84,000,000</u>	<u>84,000,000</u>
<u>Earning</u>		
Earnings for purposes of computing basic earnings per share		
Effect of potencial shares: Interest of convertible bonds (net of tax)	16,463,558	22,007,629
Earnings for purposes of computing net basic earnings per share (net profit for the year)	-	-
	<u>16,463,558</u>	<u>22,007,629</u>
 <u>Earnings per share: continuing operations</u>	 <u>31-12-2006</u>	 <u>31-12-2005</u>
<u>Earnings</u>		
Earnings for purposes of computing net basic earnings per share	16,463,558	22,007,629
Adjustments for:		
Earnings after tax over discontinuing operations (Note 12)	(2,704)	(225,461)
Earnings in the disposals of discontinuing operations	<u>(1,182,876)</u>	<u>-</u>
	(1,185,580)	(225,461)
Earnings for purposes of computing net basic earnings per share excluding discontinuing operations	17,649,138	22,233,090
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)	<u>17,649,138</u>	<u>22,233,090</u>
 Earnings per share:	 <u>31-12-2006</u>	 <u>31-12-2005</u>
Basic	<u>0.1960</u>	<u>0.2620</u>
Diluted	<u>0.2101</u>	<u>0.2647</u>

18. INTANGIBLE ASSETSa) Goodwill

The changes in goodwill and related impairment losses in the years ended 31 December 2006 and 2005 were as follows:

31 December 2006:

Balance at 31 December 2005	287,583,101
Increases (i)	1,263,352
Balances at 31 December 2006	<u>288,846,453</u>

31 December 2005:

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

- (i) Goodwill arising on the acquisition of 50.1% of the share capital of AEIOU and 36.67% of the share capital of Adtech (Note 8).
- (ii) This caption relates to the goodwill of SIC recorded by Solo (company acquired in 2005).
- (iii) Goodwill resulting from the acquisition in 2005 of the remaining 49% of the share capital of SIC held by other shareholders (30.65% directly and 18.35% through the acquisition of Solo) (Note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

As of 31 December 2006 and 2005 goodwill was made up as follows:

Company	31-12-2006	31-12-2005
<u>Impresa:</u>		
Soincom (SIC)	34,722,846	34,722,846
Gesco (SIC)	20,130,334	20,130,334
Controljornal	1,743,872	1,743,872
	56,597,052	56,597,052
<u>Impresa Jornais:</u>		
Mediger	593,766	593,766
<u>Soincom:</u>		
SIC	86,290,401	86,290,401
<u>Media Zoom:</u>		
SIC and Solo (SIC) (Note 8)	40,771,737	40,771,737
<u>Solo:</u>		
SIC (Note 8)	92,986,242	92,986,242
<u>Edimpresa:</u>		
Edimpresa	10,169,561	10,169,561
<u>SIC:</u>		
AEIOU (Note 8)	1,168,152	-
SIC Notícias	174,342	174,342
Adtech (Note 8)	95,200	-
	1,437,694	174,342
Goodwill	288,846,453	287,583,101

In compliance with the provisions of IFRS 3, since 2003 the Company has performed impairment tests of goodwill relating to its various business segments, based on valuations and other information provided by external entities, as well as valuations carried out internally, based on the business plans of the different segments, having concluded that the book value of goodwill is lower than its estimated market value. The Board of Directors believes, based on the above valuations and the estimated future profits of SIC, Edimpresa and Impresa Jornais, that this situation remains unchanged at 31 December 2006. The valuation method used is the discounted cash flow considering reasonable updated assumptions regarding the respective businesses of the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)b) Other intangible assets:

The changes in other intangible assets and corresponding accumulated amortisation and impairment losses in the years ended 31 December 2006 and 2005 are as follows:

31 December 2006:

	Industrial property and other rights	Software	Total
<u>Gross assets:</u>			
Balances at 31 December 2005	973,036	7,665,699	8,638,735
Changes in consolidation perimeter	922,224	100	922,324
Increases	77,848	216,428	294,276
Balances at 31 December 2006	<u>1,973,108</u>	<u>7,882,227</u>	<u>9,855,335</u>
<u>Accumulated depreciation and impairment losses:</u>			
Balances at 31 December 2005	(852,764)	(7,230,100)	(8,082,864)
Changes in consolidation perimeter	(339,103)	(100)	(339,203)
Increases	(91,090)	(308,036)	(399,126)
Balances at 31 December 2006	<u>(1,282,957)</u>	<u>(7,538,236)</u>	<u>(8,821,193)</u>
Net book value at 31 December 2006	<u>690,151</u>	<u>343,991</u>	<u>1,034,142</u>

31 December 2005:

	Industrial property and other rights	Software	Total
<u>Gross assets:</u>			
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	<u>973,036</u>	<u>7,665,699</u>	<u>8,638,735</u>
<u>Accumulated depreciation and impairment losses:</u>			
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	<u>(852,764)</u>	<u>(7,230,100)</u>	<u>(8,082,864)</u>
Net book value at 31 December 2005	<u>120,272</u>	<u>435,599</u>	<u>555,871</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

19. TANGIBLE ASSETS

The changes in tangible assets and corresponding accumulated depreciation and impairment losses during the years ended 31 December 2006 and 2005 were as follows:

31 December 2006:

	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
Activo Bruto:									
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
Changes in consolidation perimeter	-	(229,681)	(17,360,566)	(132,233)	(71,191)	(298,269)	(79,599)	-	(18,171,539)
Increases	-	182,314	4,157,147	-	-	622,593	-	3,972,696	8,934,750
Reductions and write-offs	(217,576)	(966,612)	(1,041,794)	(32,230)	-	(29,515)	-	(80,467)	(2,368,194)
Transfers	-	-	1,319,062	-	-	395,619	-	(1,714,681)	-
Balance at 31 December 2006	<u>837,981</u>	<u>9,356,692</u>	<u>71,782,513</u>	<u>890,467</u>	<u>26,807</u>	<u>16,037,900</u>	<u>566,014</u>	<u>4,720,810</u>	<u>104,219,184</u>
Depreciações acumuladas e perdas de imparidade:									
Balance at 31 December 2005	-	(563,516)	(67,012,331)	(775,384)	(90,800)	(12,964,770)	(592,120)	-	(81,998,921)
Changes in consolidation perimeter	-	95,993	13,408,380	132,214	64,769	273,279	40,345	-	14,014,980
Reforços	-	(227,021)	(5,815,628)	(180,681)	(318)	(940,795)	(3,380)	-	(7,167,823)
Decrease due to disposals and write-offs	-	231,539	869,938	28,009	-	28,002	-	-	1,157,488
Balance at 31 December 2006	<u>-</u>	<u>(463,005)</u>	<u>(58,549,641)</u>	<u>(795,842)</u>	<u>(26,349)</u>	<u>(13,604,284)</u>	<u>(555,155)</u>	<u>-</u>	<u>(73,994,276)</u>
Net book value at 31 December 2006	<u>837,981</u>	<u>8,893,687</u>	<u>13,232,872</u>	<u>94,625</u>	<u>458</u>	<u>2,433,616</u>	<u>10,859</u>	<u>4,720,810</u>	<u>30,224,908</u>

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
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	(9,183,883)	-	(293,231)	(4,387,952)
Balance at 31 December 2005	<u>1,055,557</u>	<u>10,370,671</u>	<u>84,708,664</u>	<u>1,054,930</u>	<u>97,998</u>	<u>15,347,472</u>	<u>645,613</u>	<u>2,543,262</u>	<u>115,824,167</u>
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	<u>-</u>	<u>(563,516)</u>	<u>(67,012,331)</u>	<u>(775,384)</u>	<u>(90,800)</u>	<u>(12,964,770)</u>	<u>(592,120)</u>	<u>-</u>	<u>(81,998,921)</u>
Net book value at 31 December 2005	<u>1,055,557</u>	<u>9,807,155</u>	<u>17,696,333</u>	<u>279,546</u>	<u>7,198</u>	<u>2,382,702</u>	<u>53,493</u>	<u>2,543,262</u>	<u>33,825,246</u>

As of 31 December 2006 and 2005 the Company had the following assets acquired under finance lease contracts:

	31-12-2006			31-12-2005		
	Gross Value	Accumulated depreciation and impairment losses	Net Value	Gross Value	Accumulated depreciation and impairment losses	Net Value
Land	837,981	-	837,981	1,055,557	-	1,055,557
Buildings and other constructions	6,356,402	(242,779)	6,113,623	7,009,131	(280,533)	6,728,598
Machinery and equipment	8,908,167	(2,536,632)	6,371,535	5,217,835	(1,310,749)	3,907,086
Transport equipment	337,990	(287,797)	50,193	535,034	(335,418)	199,616
	<u>16,440,540</u>	<u>(3,067,208)</u>	<u>13,373,332</u>	<u>13,817,557</u>	<u>(1,926,700)</u>	<u>11,890,857</u>

As explained in Note 2.5, the Company records these assets in accordance with the financial method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

20. INVESTMENTS

The changes in investments during the years ended 31 December 2006 and 2005, were as follows:

31 December 2006:

	Investments in associated companies	Investments in other companies	Total
Balances at 31 December 2005	3,356,893	331,850	3,688,743
Application of the equity method (Note 15)	520,767	-	520,767
Advance payments for the acquisition of financial investments (a)	1,000,000	-	1,000,000
Disposals (b)	-	(321,863)	(321,863)
Reversal of impairment losses (Note 31)	-	8,730	8,730
Balances at 31 December 2006	<u>4,877,660</u>	<u>18,717</u>	<u>4,896,377</u>

31 December 2005:

	Investments in associated companies	Investments in other companies	Total
Balances at 31 December 2004	2,717,096	317,198	3,034,294
Application of the equity method (Note 15)	639,797	-	639,797
Impairment losses (Note 15)	-	(35,348)	(35,348)
Reversal of impairment losses (Note 15)	-	50,000	50,000
Balances at 31 December 2005	<u>3,356,893</u>	<u>331,850</u>	<u>3,688,743</u>

(a) This caption relates to advances on account of the future acquisition of Som Livre – Som e Imagens, Lda. (“Som Livre”) (Note 37).

(b) The sales are made up as follows:

Net TV	271,863
Morena Films	50,000

	321,863
	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

Investments in associated companies as of 31 December 2006 and 2005 are made up as follows:

31 December 2005:

Investments in associated companies:

Company	Head office	31-12-2006				Effective participation of the Group	Value of the investment	Impairment losses	Net value
		Total assets	Total revenue	Shareholders' equity	Net result for the year				
Vasp	Massamá	37,880,090	239,013,631	8,657,219	1,234,652	33,33	2,885,504	-	2,885,504
Global S 24	Porto	n.d	n.d	n.d	n.d	50,00	-	-	-
Lusa	Lisboa	23,786,773	18,679,134	7,311,339	1,057,677	22,35	1,811,389	(819,231)	992,158
							<u>4,696,893</u>	<u>(819,231)</u>	<u>3,877,662</u>

Advances related to the acquisition of financial investments

Som Livre	Oeiras	n.d.	n.d.	n.d.	n.d.		1,000,000	-	1,000,000
							<u>5,696,893</u>	<u>(819,231)</u>	<u>4,877,662</u>

Loans granted:

Company	Head office	Effective participation of the Group	31-12-2006			Net value
			Value	Impairment losses	Reversal of impairment losses	
Global S 24	Porto	50.00	<u>1,091,825</u>	<u>(1,091,825)</u>	-	-

31 December 2005:

Investments in associated companies:

Company	Head office	31-12-2005				Effective participation of the Group	Value of the investment	Impairment losses	Net value
		Total assets	Total revenue	Shareholders' equity	Net result for the year				
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
							<u>4,195,829</u>	<u>(838,936)</u>	<u>3,356,893</u>

Loans granted:

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

The changes in the caption "Investments in associated companies" during the years ended 31 December 2006 and 2005 resulting from applying the equity method were as follows:

Company	31-12-2006			31-12-2005		
	Gains on associated companies (Note 15)	Impairment losses	Investments in associated companies	Gains on associated companies (Note 15)	Impairment losses	Investments in associated companies
Vasp	419,791	-	419,791	224,809	-	224,809
Lusa	120,681	(19,705)	100,976	414,988	(154,838)	260,150
	<u>540,472</u>	<u>(19,705)</u>	<u>520,767</u>	<u>639,797</u>	<u>(154,838)</u>	<u>484,959</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

The investments in other companies as of 31 December 2006 and 2005 are as follows:

Company	Effective participation of the Group	31-12-2006		
		Value of the participation	Impairment losses	Net value
NP	8.93	13,717	-	13,717
PTDP	10.00	4,998	-	4,998
		<u>18,715</u>	<u>-</u>	<u>18,715</u>
		31-12-2005		
Company	Effective participation of the Group	Value of the participation	Impairment losses	Net value
Net TV	5.10	543,879	(272,015)	271,864
Morena Films	4.73	268,044	(218,044)	50,000
NP	8.93	13,717	(8,729)	4,988
PTDP	10.00	4,998	-	4,998
		<u>830,638</u>	<u>(498,788)</u>	<u>331,850</u>

21. INVESTMENT IN PROPERTY

Investment in property as of 31 December 2006 and 2005 is made up as follows:

Investment properties	31-12-2006	31-12-2005
Plots of "Bela Vista" land	4,838,798	4,838,798
"FNAC" land	<u>6,216,052</u>	<u>6,268,525</u>
	11,054,850	11,107,323
Impairment losses (Note 31)	<u>(64,746)</u>	<u>(64,746)</u>
	<u>10,990,104</u>	<u>11,042,577</u>

The changes in the caption "Investment in property" during the years ended 31 December 2006 and 2005 were as follows:

31 December 2006:

Balance at 31 December 2005	11,042,577
Adjustments	<u>(52,473)</u>
Balance at 31 December 2006	<u>10,990,104</u>

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)	<u>(64,746)</u>
Balance at 31 December 2005	<u>11,042,577</u>

(a) During 2005 the Group split off a portion of the "FNAC" land and sold it to an investment fund.

Both investment properties are held by the Company for capital appreciation purposes and are expected to be sold in the short term.

The "Bela Vista" plots were mortgaged for 9,500,000 Euros in guarantee of full compliance with the covenants of a loan obtained by a subsidiary (Note 28.f)). At the end of 2005 the Group requested a valuation of the "Bela Vista" plots from an independent entity which valued it at approximately 6,700,000 Euros, the corresponding book value being 4,838,798 Euros (Notes 28 and 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
 (Amounts stated in Euros)

The estimated realizable value of the “FNAC” land at 31 December 2006 is not lower than its book value. At that date, the necessary procedures to sign a definitive deed to acquire the land were still in progress.

22. PROGRAM BROADCASTING RIGHTS AND INVENTORIES

Broadcasting rights at 31 December 2006 and 2005 are made up as follows:

	31/12/2006		31/12/2005	
	Current	Non current	Current	Non current
<u>Broadcasting rights:</u>				
<u>Gross value:</u>				
Broadcasting rights	12,942,386	23,124,851	19,670,286	7,482,594
Work in progress	60,449	-	-	-
Advances to program suppliers	4,874,541	7,555,009	-	11,877,938
	<u>17,877,376</u>	<u>30,679,860</u>	<u>19,670,286</u>	<u>19,360,532</u>
<u>Realizable value adjustments:</u>				
Accumulated adjustments to net realizable value	-	(836,493)	(166,322)	(687,633)
Regularizations	-	141,823	17,463	-
	-	(694,670)	(148,859)	(687,633)
Net realizable value of broadcasting rights	<u>17,877,376</u>	<u>29,985,190</u>	<u>19,521,427</u>	<u>18,672,899</u>

The caption “Advances to program suppliers” at 31 December 2006 includes advances by SIC to program suppliers, under contracts signed with these entities, for to programs and series that are not yet available for broadcasting.

Inventories at 31 December 2006 and 2005 are made up as follows:

	31/12/2006		31/12/2005	
	Current	Non current	Current	Non current
<u>Inventories:</u>				
<u>Gross value:</u>				
Raw, subsidiary and consumption materials	2,452,863	613,217	3,646,535	-
Commodities	78,322	78,322	87,823	-
Intermediate and finished goods	549,142	1,964,902	989,605	2,102,911
Goods and work in progress	46,129	44,459	1,263,067	-
	<u>3,126,456</u>	<u>2,700,900</u>	<u>5,987,030</u>	<u>2,102,911</u>
<u>Realizable value adjustments:</u>				
Accumulated adjustments to net realizable value	-	(1,606,735)	(1,227,639)	-
Regularizations	-	-	17,898	-
Adjustments to net realizable value recorded in the current year	-	(1,864,967)	(2,025,807)	-
Reversal of adjustments to net realizable value recorded in the current year	-	2,055,942	1,628,813	-
	-	(1,415,760)	(1,606,735)	-
Net realizable value	<u>3,126,456</u>	<u>1,285,140</u>	<u>4,380,295</u>	<u>2,102,911</u>

23. TRADE AND OTHER RECEIVABLES

At 31 December 2006 and 2005 this caption was made up as follows:

	31/12/2006			31/12/2005		
	Gross value	Accumulated impairment losses	Net value	Gross value	Accumulated impairment losses	Net value
Customers	48,406,030	(6,272,007)	42,134,023	41,159,409	(6,699,361)	34,460,048
Accrued income:						
SMS's	1,272,080	-	1,272,080	317,292	-	317,292
Cable television subscriptions	381,427	-	381,427	697,951	-	697,951
Advertising	721,987	-	721,987	1,613,094	-	1,613,094
Exchange <i>rate forward</i> (Notes 15 and 32)	-	-	-	76,068	-	76,068
Others amounts to be invoiced	558,961	-	558,961	156,653	-	156,653
Discounts receivable:						
Rappel obtained	682,014	-	682,014	837,060	-	837,060
	<u>52,022,499</u>	<u>(6,272,007)</u>	<u>45,750,492</u>	<u>44,857,527</u>	<u>(6,699,361)</u>	<u>38,158,166</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

24. OTHER CURRENT ASSETS

Other current assets at 31 December 2006 and 2005 are made up as follows:

	31/12/2006			31/12/2005		
	Gross value	Accumulated impairment losses	Net value	Gross value	Accumulated impairment losses	Net value
<u>Other non current assets:</u>						
Mirandela (a)	3,828,278	-	3,828,278	-	-	-
Santander Novimovest (b)	910,770	-	910,770	-	-	-
	<u>4,739,048</u>	-	<u>4,739,048</u>	-	-	-
Advances to suppliers	177,393	-	177,393	259,605	-	259,605
State and other public entities:						
Value Added Tax	571,679	-	571,679	-	-	-
Corporate income tax (c)	812,427	-	812,427	-	-	-
Other accounts receivable:						
Advances to personnel	296,896	-	296,896	254,251	-	254,251
Advisors	-	-	-	800,000	-	800,000
Other	172,285	-	172,285	173,353	-	173,353
Pre-payments:						
Licenses	-	-	-	-	-	-
Maintenance	682,715	-	682,715	1,081,539	-	1,081,539
Author's copyrights	-	-	-	-	-	-
Rents	699,095	-	699,095	467,223	-	467,223
Insurance	398,072	-	398,072	37,523	-	37,523
Other	105,710	-	105,710	116,058	-	116,058
	71,203	-	71,203	94,659	-	94,659
	59,326	-	59,326	36,124	-	36,124
	<u>642,397</u>	-	<u>642,397</u>	<u>362,229</u>	-	<u>362,229</u>
	<u>4,689,198</u>	-	<u>4,689,198</u>	<u>3,682,564</u>	-	<u>3,682,564</u>
	<u>9,428,246</u>	-	<u>9,428,246</u>	<u>3,682,564</u>	-	<u>3,682,564</u>

- (a) This amount corresponds to the present value of the medium and long term account receivable from the sale of Imprejornal.
- (b) This caption corresponds to the amount receivable from the sale, in 2004, of the SIC building.
- (c) The caption "Corporate income tax" is made up as follows:

Payments on account	1,006,446
Tax withheld at source	145,063
Income tax for the year (Note 16.b))	(339,082)

	812,427
	=====

25. CASH AND CASH EQUIVALENTS

Following is a breakdown of the caption "Cash and cash equivalents" as of 31 December 2006 and 2005 included in the cash flow statements, together with a reconciliation thereof with the amount of cash and cash equivalents reflected on the balance sheets as of those dates:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Cash	126,408	106,489
Bank deposits	9,500,097	18,628,724
Short term applications	10,631,712	1,750,000
	<u>20,258,217</u>	<u>20,485,213</u>
Bank overdrafts (Note 28)	(4,917,753)	(4,580)
	<u>15,340,464</u>	<u>20,480,633</u>

The caption "Cash and cash equivalents" includes cash, bank deposits repayable on demand, treasury applications and term deposits maturing in less than three months with insignificant risk of change in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)**26. SHARE CAPITAL ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY**

Share capital: At 31 December 2006 and 2005 Impresa's fully subscribed and paid up share capital amounted to 84,000,000 Euros and was made up of 84,000,000 shares of one Euro each, held as follows:

	31/12/2006		31/12/2005	
	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
Grupo BPI	7.99%	6,710,438	9.41%	7,901,915
Other	41.70%	35,032,268	40.28%	33,840,791
	<u>100.00%</u>	<u>84,000,000</u>	<u>100.00%</u>	<u>84,000,000</u>

Share premium: This caption includes premiums received on capital increases made in previous years. In accordance with current legislation the amounts in this account are subject to the same restrictions as the legal reserve and so are 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 the 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 the other reserves and retained earnings have been exhausted.

Profit appropriation: Net profit of 3,363,936 Euros for the year ended 31 December 2005 in accordance with the non consolidated accounts, prepared in accordance with generally accepted accounting principles in Portugal, was appropriated to the legal reserve and retained earnings in the amounts of 168,197 Euros and 3,195,739 Euros, respectively.

27. SHARE CAPITAL ATTRIBUTABLE TO MINORITY INTEREST

The changes in this caption in the years ended 31 December 2006 and 2005 were as follows:

31 December 2006:

Balance at 31 December 2005	3,461,196
Net profit attributable to minority interest	1,112,182
Changes in the consolidation perimeter:	
Acquisition of AEIOU	84,075
Acquisition of Adtech	25,564
Incorporation of Páginas Longas	20,000
Disposal of Publiregiões	87,219
Distribution of dividends by SIC Notícias	(1,641,167)
Other	27,738
Balance at 31 December 2006	<u>3,176,807</u>

31 December 2005:

Balance at 31 December 2004	23,928,032
Net profit attributable to minority interest	1,760,691
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	(168,055)
Balance at 31 December 2005	<u>3,461,196</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
 (Amounts stated in Euros)

Minority interest reflected on the balance sheet as of 31 December 2006 and 2005 relates to the following Group companies:

	<u>31-12-2006</u>	<u>31-12-2005</u>
SIC's subsidiaries	2,920,675	3,350,237
Other	<u>256,132</u>	<u>110,959</u>
	<u><u>3,176,807</u></u>	<u><u>3,461,196</u></u>

Minority interests reflected on the consolidated profit and loss statements for the years ended 31 December 2006 and 2005 relate to the following Group companies:

	<u>31-12-2006</u>	<u>31-12-2005</u>
SIC's subsidiaries	1,158,161	1,701,186
Other	<u>(45,979)</u>	<u>59,505</u>
	<u><u>1,112,182</u></u>	<u><u>1,760,691</u></u>

28. BANK LOANS

Bank loans at 31 December 2006 and 2005 are made up as follows:

Companies	Credit institutions	31 December 2006				31 December 2005			
		Book value		Nominal value		Book value		Nominal value	
		Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Media Zoom	Banco BPI, S.A. (a)	2,806,710	138,988,810	2,852,460	139,770,491	2,331,300	141,799,450	2,377,050	142,622,950
Impresa	Caixa Geral de Depósitos, S.A. (b)	3,000,000	23,000,000	3,000,000	23,000,000	2,500,000	26,000,000	2,500,000	26,000,000
SIC	Banco Espírito Santo de Investimento, S.A. (c)	-	14,780,984	-	15,000,000	-	14,848,093	-	15,000,000
SIC	Caixa Geral de Depósitos, S.A. (d)	-	9,952,500	-	10,000,000	-	9,942,500	-	10,000,000
Impresa Jornais	Banco Comercial Português, S.A. (e)	2,471,769	7,344,727	2,500,000	7,500,000	-	9,788,266	-	10,000,000
Sojornal	Caixa Geral de Depósitos, S.A. (f)	1,000,000	5,000,000	1,000,000	5,000,000	7,500,000	-	7,500,000	-
Impresa Jornais	Banco Comercial Português, S.A. (g)	-	5,000,000	-	5,000,000	-	5,000,000	-	5,000,000
Edimpresa	Banco Espírito Santo e Banco Espírito Santo de Investimento, S.A. (h)	1,138,599	3,562,258	1,225,000	3,675,000	1,820,418	4,851,043	1,900,000	5,050,000
Impresa	Caixa Banco de Investimento, S.A. (i)	1,000,000	2,000,000	1,000,000	2,000,000	1,500,000	3,000,000	1,500,000	3,000,000
SIC	Banco Comercial Português, S.A.	-	-	-	-	2,482,108	-	2,482,108	-
Office Share	Banco Comercial Português, S.A. (j)	65,000	195,000	65,000	195,000	-	-	-	-
SIC	Banco Comercial Português, S.A. (k)	65,932	329,657	65,932	329,657	-	495,589	-	495,589
	Current accounts(l)	2,486,400	-	2,486,400	-	915,144	-	915,144	-
	Bank overdrafts (m)	4,917,753	-	4,917,753	-	4,580	-	4,580	-
		<u>18,952,163</u>	<u>210,153,936</u>	<u>19,112,545</u>	<u>211,470,148</u>	<u>19,053,550</u>	<u>215,724,941</u>	<u>19,178,882</u>	<u>217,168,539</u>

The Group has accepted several covenants under contracts relating to the above mentioned loans, which are being complied with and which Impresa's Board of Directors expects to continue being complied with.

- (a) This loan was contracted by Media Zoom from Banco BPI, SA, to finance the acquisition of all the share capital of Solo and a participation of 30.65% in SIC. At 31 December 2006 this loan bore interest payable half yearly at the Euribor twelve month rate plus a spread of 2% and is repayable in 38 half yearly successive instalments, the first being due on 30 June 2006. The loan is repayable as follows:

2007	<u>2,852,460</u>
2008	3,803,278
2009	3,803,278
2010	4,754,098
2011	4,754,098
2012	4,754,098
2013	9,508,198
2014 e seguintes	<u>108,393,443</u>
	<u>139,770,491</u>
	<u><u>142,622,951</u></u>

The Group has signed a blank promissory note and shares representing 49% of the share capital of SIC have been pledged by Media Zoom and Solo in guarantee of full compliance with the terms of the loan (Note 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

In addition, Media Zoom and Impresa have accepted several covenants relating essentially to the acquisition and sale of assets and the distribution of dividends.

- (b) Loan obtained by the Group from Caixa Geral de Depósitos, S.A. in November 1999 for the initial amount of 54,867,769 Euros. The loan contract initially included certain covenants, which were suspended in 2001 by agreement with Caixa Geral de Depósitos, S.A., and were reformulated in 2005 with the signature of an addendum to the contract.

In the second half of 2005 the loan was restructured through an addendum to the initial contract with Caixa Geral de Depósitos, S.A., resulting the following repayment plan:

2007	<u>3,000,000</u>
2008	4,000,000
2009	4,000,000
2010	5,000,000
2011	5,000,000
2012	<u>5,000,000</u>
	<u>23,000,000</u>
	<u>26,000,000</u>

The loan bears interest payable half yearly at the Euribor six month rate plus a spread of 1.25%.

At 31 December 2006 Soicom had shares representing of 51% of SIC's share capital and Impresa had shares representing of 100% of Soincom's share capital pledged in guarantee of the full compliance with the terms of the loan(Note 33) .

- (c) Commercial paper in the amount of 15,000,000 Euros issued by SIC, subscribed for on 24 October 2005, repayable on 24 April 2007, being automatically renewable. At 31 December 2006 this loan bore interest at the rate of 4.1%. The commercial paper was issued under a three year program ending 24 October 2008.
- (d) Loan contracted by SIC to support its treasury requirements. At 31 December 2006 the loan bore interest at the Euribor six month rate plus a spread of 0.875%.
- (e) Bank loan of 10,000,000 Euros obtained by Impresa Jornais on 10 March 2005 from Banco Comercial Português, SA.

The loan bears interest payable half yearly at the Euribor six month rate plus a spread of 1.5% and is repayable as follows:

2007	<u>2,500,000</u>
2008	2,500,000
2009	2,500,000
2010	<u>2,500,000</u>
	<u>7,500,000</u>
	<u>10,000,000</u>

At 31 December 2005 Impresa Jornais had shares representing of 51% of Sojornal's share capital pledged in guarantee of full compliance with the terms of the loan (Note 33).

- (f) Bank loan of 7,500,000 Euros obtained by Sojornal on 31 December 2003 from Caixa Geral de Depósitos, S.A., which was renegotiated on 30 June 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006

(Amounts stated in Euros)

The loan bears interest payable half yearly in arrears at a rate corresponding to the EURIBOR six month rate plus 1.25% and is repayable as follows:

2007	<u>1,000,000</u>
2008	1,000,000
2009	1,000,000
2010	1,000,000
2011	1,000,000
2012	<u>1,000,000</u>
	<u>5,000,000</u>
	<u>6,000,000</u>

Sojornal has mortgaged, for 9,500,000 Euros, two buildings with a book value of 4,838,798 Euros, in guarantee of full compliance with the terms of the loan (Notes 21 and 33).

- (g) Bonds totalling 5,000,000 Euros issued by Impresa Jornais on 17 June 2005 and underwritten by Banco Comercial Português, S.A.. The bonds bear interest payable half yearly at the Euribor six month rate plus a spread of 0.875% and are redeemable on 21 June 2013.
- (h) Loan obtained by Edimpresa from Banco Espírito Santo and Banco Espírito Santo de Investimento, S.A., to acquire a participation. At 31 December 2004 this loan bore interest payable half yearly at the Euribor six month rate plus a spread of 2.5%. In relation to this loan, the Company contracted an interest rate swap which terminated on 15 December 2006, under which the rate was fixed at 3.69%. The loan is repayable in 13 half yearly instalments beginning on 15 December 2003.

In the first half of 2005 Edimpresa restructured the loan through an addendum to the initial contract with Banco Espírito Santo and Banco Espírito Santo de Investimento, S.A., under which the loan bears interest payable quarterly at the Euribor three month rate plus a spread of 1.375% and is repayable in quarterly instalments, resulting in the following repayment plan:

2007	<u>1,225,000</u>
2008	1,225,000
2009	1,225,000
2010	<u>1,225,000</u>
	<u>3,675,000</u>
	<u>4,900,000</u>

At 31 December 2006 Impresa had quotas representing of 25.5% of Edimpresa's quota capital pledge in guarantee of the full compliance with the terms of the loan (Note 33).

The loan has covenants relating to the contracting of additional debt and the acquisition or sale of assets.

- (i) Bank loan of 5,000,000 Euros obtained by Impresa on 22 December 2004 from Caixa Banco de Investimento, SA.

The loan bears interest payable half yearly in arrears at the Euribor six month rate plus a spread of 1.25%, the first instalment having fallen due on 22 June 2005. The loan is repayable as follows:

2007	<u>1,000,000</u>
2008	1,000,000
2009	1,000,000
	<u>2,000,000</u>
	<u>3,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

At 31 December 2006 Soincom had shares representing 51% of the share capital of SIC and Impresa had shares representing 100% of the share capital of Soincom pledged in guarantee of full compliance of the terms of the loan (Note 33).

- (j) Bank loan of 325,000 Euros contracted by Office Share with Banco Comercial Português, S.A.. The loan bears interest payable half yearly in arrears at the Euribor one month rate plus a spread of 1.13%, and is repaid in semi-annual instalments, as follows:

2007	<u>65,000</u>
2008	65,000
2009	65,000
2010	<u>65,000</u>
	<u>195,000</u>
	<u><u>260,000</u></u>

At 31 December 2006 there was a blank promissory note signed by Office Share and comfort letters issued by the shareholders in guarantee of full compliance with the terms of the loan, .

- (k) Five year loan obtained to finance digitalization of SIC's files. At 31 December 2006 this loan bore interest at the Euribor six month rate plus a spread of 0.875%.
- (l) Guaranteed current accounts obtained by Group companies, which bear interest at normal market interest rates.
- (m) Bank overdrafts which bear interest at market interest rates for similar operations.

29. TRADE AND OTHER PAYABLES

At 31 December 2006 and 2005 these captions were made up as follows:

	<u>31/12/2006</u>		<u>31/12/2005</u>	
	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>
Suppliers, current account	29,741,404	-	29,248,723	-
Fixed assets suppliers:				
Financial leases	1,782,374	10,238,634	1,627,860	8,773,427
Other	3,768,114	-	839,691	20,675
	<u>35,291,892</u>	<u>10,238,634</u>	<u>31,716,274</u>	<u>8,794,102</u>

At 31 December 2006, SIC, Office Share and Edimpresa had liabilities, as lessees, amounting to 6,285,963 Euros, 5,688,849 Euros and 46,196 Euros, respectively, relating to lease instalments which are payable as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	<u>1,782,374</u>	<u>383,942</u>	<u>2,166,316</u>
2008	1,221,012	326,680	1,547,692
2009	1,183,402	284,049	1,467,451
2010	1,164,801	242,196	1,406,997
2011	1,144,812	202,550	1,347,362
2012	1,077,471	185,904	1,263,375
2013 a 2018	4,447,136	974,063	5,421,199
	<u>10,238,634</u>	<u>2,215,442</u>	<u>12,454,076</u>
	<u>12,021,008</u>	<u>2,599,384</u>	<u>14,620,392</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

The liability under lease contracts refers essentially to the head office building of Office Share and technical equipment relating to the digitalization project of SIC's operating systems, which do not include contingent lease instalments and include purchase options at prices below the market.

30. OTHER CURRENT LIABILITIES

At 31 December 2006 and 2005 this caption was made up as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Advances from clients	<u>2,435,988</u>	<u>-</u>
State and other public entities:		
Value Added Tax	4,528,026	3,036,455
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	1,562,860	1,538,906
Personnel Income Tax withholdings	1,393,319	2,482,109
Social security contributions	1,446,707	1,491,309
Corporate Income Tax (a)	1,217,517	543,132
Other taxes	-	19,614
	<u>10,148,429</u>	<u>9,111,525</u>
Accrued expenses:		
Vacation pay and bonuses	7,090,611	7,486,823
Expenses with production of television programs (b)	1,555,260	814,116
Bonuses and overtime	1,439,261	2,877,487
Communication expenses	948,099	131,578
Author copyrights (c)	477,833	495,419
Commercial agreements	426,063	-
Royalties	328,616	189,116
Surplus	325,334	104,881
Volume rebates	257,662	236,827
Barter transactions	244,700	150,971
Expenses with production of magazines, newspapers and other products	242,627	306,917
Interest expenses	230,793	-
Cooperation expenses	175,157	32,473
Rappel	137,984	1,169,227
Exchange rate forward (Note 32)	59,594	-
Interest rate swap (Note 32)	-	31,924
Other expenses	2,922,347	2,567,334
	<u>16,861,941</u>	<u>16,595,093</u>
Deferred income:		
Anticipated invoicing (d)	1,348,428	1,745,743
Transmission rights	1,221,353	151,620
Magazines and newspapers subscriptions	828,181	799,040
Investment subsidies (e)	-	160,328
Other deferred income	2,114,927	2,711,794
	<u>5,512,889</u>	<u>5,568,525</u>
Other liabilities	<u>1,223,675</u>	<u>2,391,136</u>
	<u>36,182,922</u>	<u>33,666,279</u>

(a) Corporate tax payable is made up as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Income tax for the year (Note 16.b))	1,829,687	1,928,161
Payments on account	(486,750)	(1,019,746)
Withholding taxes	(125,420)	(365,283)
	<u>1,217,517</u>	<u>543,132</u>

(b) This caption refers essentially to expenses incurred by the program and information departments of SIC, relating to programs already broadcast, for which the corresponding invoices have not yet been received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

(c) This caption corresponds the liability to Sociedade Portuguesa de Autores, C.R.L. resulting from SIC's normal operations. In accordance with the contract signed with that entity, which represents authors, the Company must pay a monthly amount corresponding to a specified percentage of advertising invoiced, net of discounts.

31. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The changes in provisions and accumulated impairment losses during the years ended 31 December 2006 and 2005 were as follows:

31 December 2006:

	Financial investments impairment losses (Notes 10 and 20)	Loans conceded impairment losses (Note 20.a)	Investment properties impairment losses (Note 21)	Accounts receivables impairment losses (Note 23)	Decrease of broadcasting rights and inventories net realizable value (Notes 13 and 22)	Provisions for other risks and charges
Balances at 31 December 2005	1,337,725	1,091,825	64,746	6,699,361	2,443,227	4,209,067
Change in the consolidation perimeter	-	-	-	(1,238,306)	1	(9,058)
Increases	-	-	-	1,176,825	1,864,967	1,526,114
Utilizations	(490,059)	-	-	-	(141,823)	(1,334,395)
Decreases/regularizations	(28,435)	-	-	(365,873)	(2,055,942)	(72,893)
Balances at 31 December 2006	<u>819,231</u>	<u>1,091,825</u>	<u>64,746</u>	<u>6,272,007</u>	<u>2,110,430</u>	<u>4,318,835</u>

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 (Note 23)	Decrease of broadcasting rights and inventories net realizable value (Notes 13 and 22)	Provisions for other risks and charges
Balances at 31 December 2004	1,507,115	1,091,825	-	6,368,605	2,081,594	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	<u>1,337,725</u>	<u>1,091,825</u>	<u>64,746</u>	<u>6,699,361</u>	<u>2,443,227</u>	<u>4,209,067</u>

Assets are presented net of impairment losses.

The provisions for other risks and charges at 31 December 2006 are made up as follows:

Nature	Amount claimed	Amount provisioned
Legal actions	5,014,321	545,264
Labour	3,947,779	1,810,751
Abuse of freedom of expression	6,482,494	707,046
Penalties arising from the advertisement activity	3,880,316	904,696
Others	4,093,422	351,078
	<u>23,418,332</u>	<u>4,318,835</u>

At 31 December 2006 there were several lawsuits in progress brought by third parties against the Group, the amounts and final outcome of which were unknown at the time of preparing the financial statements. Additionally, in 2006 SIC was notified by the competition authority of an illicit act relating to an alleged forbidden practice under article 4 Law 18/2003 of 11 June, resulting from a partnership agreement signed between PTM, S.A., TV Cabo Portugal, S.A. and SIC signed on 27 March 2000. Under the process, the competition authority decided to impose a penalty of 500,000 Euros on SIC, SIC having contested the decision. The Board of Directors believes, based on the opinion of its legal advisors, that the outcome of this process will not have a material impact on the consolidated financial statements as of 31 December 2006. In addition, there are additional tax assessments that have not been recognized or paid by the Group, as it believes that they are unfounded (Note 16).

The Board of Directors and the Group's legal advisors believe that the lawsuits brought against the Group will not result in significant liabilities not covered by provisions recorded in the consolidated financial statements as of 31 December 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)32. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments at December 2006 and 2005 consisted of the following

	<u>31-12-2006</u>	<u>31-12-2005</u>
Exchange rate forward (Note 30)	(59,594)	76,068
Interest rate swap (Note 30)	-	(31,924)
	<u>(59,594)</u>	<u>44,144</u>

Derivative financial instruments used by the Group at 31 December 2006 refer essentially to exchange rate forwards (calculated over a notional value of 15,000,000 USD at 31 December 2006) contracted to hedge exchange rate fluctuations on accounts payable to suppliers in American dollars. In addition, during the year ended 31 December 2006 the Group had an interest rate swap contracted to hedge variations in the interest rate of a syndicated bank loan, the position having been liquidated by 31 December 2006.

During the year ended 31 December 2006 the Group recorded income of 31,924 Euros (Note 15) and costs of 59,594 Euros (Note 15) in the consolidated profit and loss statement, resulting from the initial recognition and the changes in the fair value of the interest rate swap and exchange rate forward, respectively.

The exchange rate derivatives are stated at fair value as of the balance sheet date, determined by valuations made by financial institutions, the changes in fair value being recognized in the profit and loss statement (Note 15).

33. CONTINGENT ASSETS AND LIABILITIES

The guarantees given to third parties by Impresa, SIC and the remaining Group companies at 31 December 2006 were as follows:

At 31 December 2006 Media Zoom and Solo had shares representing 49% of the capital of SIC pledged in guarantee of a loan from Banco BPI, SA to finance the acquisition of that subsidiary (Note 28.a)).

At 31 December 2006 Impresa had shares representing 100% of the capital of Soincom pledged in guarantee of a loan obtained initially by that subsidiary from Caixa Geral de Depósitos, SA, which was transferred to Impresa in 2001, in guarantee of a loan obtained from Caixa Banco de Investimento. In addition, Soincom had shares representing 51% of the capital of SIC pledged in guarantee of these loans (Notes 28.b) and i)).

At 31 December 2006 Impresa Jornais had shares representing 51% of the capital of Sojornal pledged in guarantee of a loan obtained from Banco Comercial Português, S.A., (Notes 28.d) and g)).

At 31 December 2006 Impresa had quotas representing of 25.5% of the capital of Edimpresa pledged in guarantee of a loan obtained by Edimpresa from Banco Espírito Santo and Banco Espírito Santo de Investimento, S.A., (Note 28.h)).

At 31 December 2006 Sojornal had a mortgage over plots of land in guarantee of a loan obtained from Caixa Geral de Depósitos, S.A., (Note 28.f)).

Bank guarantees given by SIC at 31 December 2006 were as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Alta Autoridade para a Comunicação Social	2,495,192	2,495,192
Repartição de Finanças de Algés	1,772,543	1,772,543
Novimovest	1,320,600	1,320,600
Net TV	919,549	919,549
Câmara Municipal de Oeiras	283,329	283,329
IBM	35,745	548,678
	<u>6,826,958</u>	<u>7,339,891</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

The guarantees given to Alta Autoridade para a Comunicação Social and Net TV result from the requirements of current legislation for the licensing of new channels and the broadcasting of television competitions.

The guarantees given to the Algés Tax Department relate to additional tax assessments contested by SIC, awaiting a solution (Note 16).

The guarantee given to Novimovest relates to the obligations to that entity arising under the lease contract of the head office building of SIC, especially the payment of rent.

The guarantee given to IBM relates to the acquisition of equipment by SIC under lease contracts.

The guarantee given to the Oeiras Municipal Council arose under the process to acquire a plot of land adjacent to SIC's premises.

The bank guarantees given by Edimpresa at 31 December 2006 were as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Repartição de Finanças de Oeiras	2,132,400	1,200,000
Governo Civil de Lisboa	171,252	186,608
Câmara Municipal de Oeiras	-	225,078
	<u>2,303,652</u>	<u>1,611,686</u>

The guarantees given to the Oeiras tax authorities are to cover an additional corporate income tax assessment for the year 1997, contested by the Company, which now amounts to 856,765 Euros and an additional withholding tax assessment of 731,593 for the year 2005 (Note 16).

The guarantees given to Governo Civil de Lisboa result from legal requirements in force for competitions in magazines.

Guarantees given to the Municipal Council of Oeiras are to cover possible damage caused by the construction of Edimpresa's head office.

At 31 December 2006 and 2005 the remaining Group companies, namely Sojornal and Medipress, had bank guarantees given relating to their operations and additional tax assessments awaiting the outcome of appeals presented by the companies, amounting to approximately 602,742 Euros and 89,292 Euros, respectively.

34. COMMITMENTS ASSUMED AND NOT REFLECTED ON BALANCE SHEET

34.1 Pensions

Some of the Group companies (Impresa, Sojornal, Medipress and Imprejornal) have assumed the commitment to grant employees and members of the Board of Directors hired up to 5 July 1993, pension supplements due to age and incapacity. The pension supplements consist in a percentage, which increases with the number of years of service, applied to the salary table, or a fixed percentage applied to the base salary in force in 2002.

In 1987 the Group created an autonomous pension fund to which it transferred its liability for the payment of pensions.

In accordance with an actuarial valuation made by the entity managing the fund, the present value of the past service liability of the current and retired employees of the companies mentioned above at 31 December 2006 was estimated at 6,265,891 Euros, the value of the fund at that date being 6,507,567 Euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
 (Amounts stated in Euros)

The valuation was made using the Projected Unit Credit method to calculate pensions due to age and the Successive Single Premium method to calculate the pensions due to disability, and the following main assumptions and actuarial and technical bases:

	<u>31/12/2006</u>	<u>31/12/2005</u>
Annual rate of return on pension fund assets	5%	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 88/90	TV 73/77
Disability	EVK 80	EVK 80

The changes in the liability in the years ended 31 December 2006 and 2005 were as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Present value of benefits obligations established at the beginning of the period	5,770,783	5,945,024
Paid benefits	(201,555)	(24,604)
Service cost	328,693	294,559
Interest expense	359,922	375,074
Actuarial gains, net	8,048	(819,270)
Present value of benefits obligations established at the end of the period	<u>6,265,891</u>	<u>5,770,783</u>

The changes in the value of plan assets during the years ended 31 December 2006 and 2005 were as follows:

	<u>31-12-2006</u>	<u>31-12-2005</u>
Plan assets at the beginning of the period	6,391,200	6,097,435
Paid benefits	(201,556)	(24,604)
Real return of plan assets	317,923	318,369
Plan assets at the end of the period	<u>6,507,567</u>	<u>6,391,200</u>

34.2 Commitments for the acquisition of programs

At 31 December 2006 and 2005 the Company had contracts and arrangements with third parties for the acquisition of films, series and other programs amounting to 11,639,091 Euros and 15,595,329 Euros, respectively, which, in accordance with the accounting procedures adopted, are not reflected in the balance sheet (Note 2.9)), as follows:

Nature	31 December 2006					31 December 2005				
	2007	2008	2009 and next	Undefined date	Total	2006	2007	2008 and next	Undefined date	Total
Co-productions	-	-	-	-	-	60,000	-	-	-	60,000
Entertainment	699,001	-	-	-	699,001	6,464,974	-	-	-	6,464,974
Movies	988,110	8,358	30,824	61,414	1,088,706	1,966,775	-	-	571,977	2,538,752
Format	3,093,591	-	-	-	3,093,591	736,225	-	-	-	736,225
Soap-operas	5,887,778	-	-	-	5,887,778	3,765,857	-	-	-	3,765,857
Children	46,915	-	-	40,356	87,271	95,056	-	-	61,244	156,300
Documentaries	13,246	-	-	-	13,246	150,208	-	-	5,951	156,159
Novels 60'	337,686	-	-	-	337,686	471,880	-	-	-	471,880
Other novels	-	-	-	-	-	10,000	-	-	-	10,000
Wildlife	445,999	-	-	39,813	485,812	683,890	401,412	-	149,880	1,235,182
	<u>11,512,326</u>	<u>8,358</u>	<u>30,824</u>	<u>141,583</u>	<u>11,693,091</u>	<u>14,404,865</u>	<u>401,412</u>	<u>-</u>	<u>789,052</u>	<u>15,595,329</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2006
(Amounts stated in Euros)

Nature	Year limit for the exhibition									
	31 December 2006					31 December 2005				
	2007	2008	2009 and next	Undefined date	Total	2006	2007	2008 and next	Undefined date	Total
Co-productions	-	-	-	-	-	60,000	-	-	-	60,000
Entertainment	20,549	33,522	644,930	-	699,001	2,733,122	200,822	3,531,030	-	6,464,974
Movies	19,691	304,658	744,650	19,707	1,088,706	-	433,208	1,533,567	571,977	2,538,752
Format	757,464	52,000	2,284,127	-	3,093,591	736,225	-	-	-	736,225
Soap-operas	3,050,257	-	2,837,521	-	5,887,778	3,765,857	-	-	-	3,765,857
Children	6,073	-	40,842	40,356	87,271	-	49,034	46,022	61,244	156,300
Documentaries	3,246	10,000	-	-	13,246	88,385	61,823	-	5,951	156,159
Novels 60'	38,743	210,009	88,934	-	337,686	11,638	273,982	186,260	-	471,880
Other novels	-	-	-	-	-	-	6,000	4,000	-	10,000
Wildlife	123,608	202,390	120,001	39,813	485,812	105,578	431,896	547,828	149,880	1,235,182
	<u>4,019,631</u>	<u>812,579</u>	<u>6,761,005</u>	<u>99,876</u>	<u>11,693,091</u>	<u>7,500,805</u>	<u>1,456,765</u>	<u>5,848,707</u>	<u>789,052</u>	<u>15,595,329</u>

34.3 Commitments for the acquisition of fixed assets

At 31 December 2006 and 2005 the commitments assumed for the acquisition of fixed assets amounted to 759,097 Euros and 3,205,695 Euros, respectively.

34.4 Operating leases

In the year ended 31 December 2004 SIC sold its head office building to an investment fund for the amount of 12,300,000 Euros, having entered into a lease-back contract for the building for a period of 15 years at an annual rent of 816,500 Euros for the first year and 873,000 Euros for the remaining years, subject to annual adjustment based on the inflation rate.

34.5 Commitments for the acquisition of financial participations

In the year ended 31 December 2006 Media Zoom acquired a 50.1% participation in the share capital of AEIOU at a cost of 1,252,574 Euros (Note 8) and assumed the commitment to acquire, by 31 December 2008, an additional 14.9% participation at a cost ranging from 373,426 Euros to 595,882 Euros, depending on the operating results of that company.

35. REMUNERATION OF THE MEMBERS OF THE CORPORATE BOARD

The remuneration of the members of the Board of Directors of Impresa for the years ended 31 December 2006 and 2005, to be paid by Impresa and by the remaining Group companies, amounted to 698,600 Euros and 1,294,580 Euros, respectively. The remuneration of the Sole Statutory Auditor for these years amounted to 40,800 Euros and 39,500 Euros, respectively.

36. RELATED PARTIES

The balances as of 31 December 2006 and transactions for the year then ended with related parties were as follows:

	Balance				
	Current deposits	Accounts receivables	Accounts payable	Loans obtained	
Grupo BPI	4,479,158	-	-	142,633,991	
Vasp	-	3,818,093	21,748	-	
	<u>4,479,158</u>	<u>3,818,093</u>	<u>21,748</u>	<u>142,633,991</u>	
	Transactions				
	Services obtained	Payroll expenses	Financial expenses	Sales and services rendered	Financial revenues
Impreger	89,784	-	-	-	-
Grupo BPI	10,147	-	7,378,368	320,000	150,265
Board of Directors	-	1,247,091	-	-	-
Vasp	341,684	-	-	34,052,244	-
	<u>441,615</u>	<u>1,247,091</u>	<u>7,378,368</u>	<u>34,372,244</u>	<u>150,265</u>

The terms and conditions practiced by Impresa and related parties are substantially the same as those that would normally used, accepted and practiced between independent entities in comparable operations.

Some shareholders of Impresa are financial institutions, with which it has commercial agreements established in the normal course of Impresa's business, with similar conditions to those normally agreed between independent entities. The operations carried out under these commercial agreements relate essentially to advertising services rendered by the Impresa Group and loans granted by the institutions. In the beginning of 2005 the Impresa Group acquired, from the BPI Group, 49% of the share capital of SIC and obtained a loan of 152,000,000 Euros (Note 28) to finance the acquisition.

37. SUBSEQUENT EVENTS

In January 2007, through Media Zoom, the Group acquired, at a cost of approximately 474,000 Euros, 67% of the share capital of New Media Digital Contents, a company the operations of which consist of exploiting opportunities to acquire and manage contents in the entertainment industry.

Additionally, in February 2007 SIC signed a deed to acquired Som Livre at a cost of 2,000,000 Euros, having, in the year ended 31 December 2006, paid an advance of 1,000,000 Euros (Note 20).

38. NOTE ADDED FOR TRANSLATION

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

THE ACCOUNTANT

THE BOARD OF DIRECTORS

ANNEX ON CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

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

CHAPTER 0 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 Group IMPRESA 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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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. An alteration to the Company's by-laws will be, proposed, at the Extraordinary General Assembly, already convened for April 12th 2007, so as to permit the setting up of an Audit Committee.

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.

- 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 people and to ensure, to the extent possible, the continuity of production both of newspapers and magazines and television.



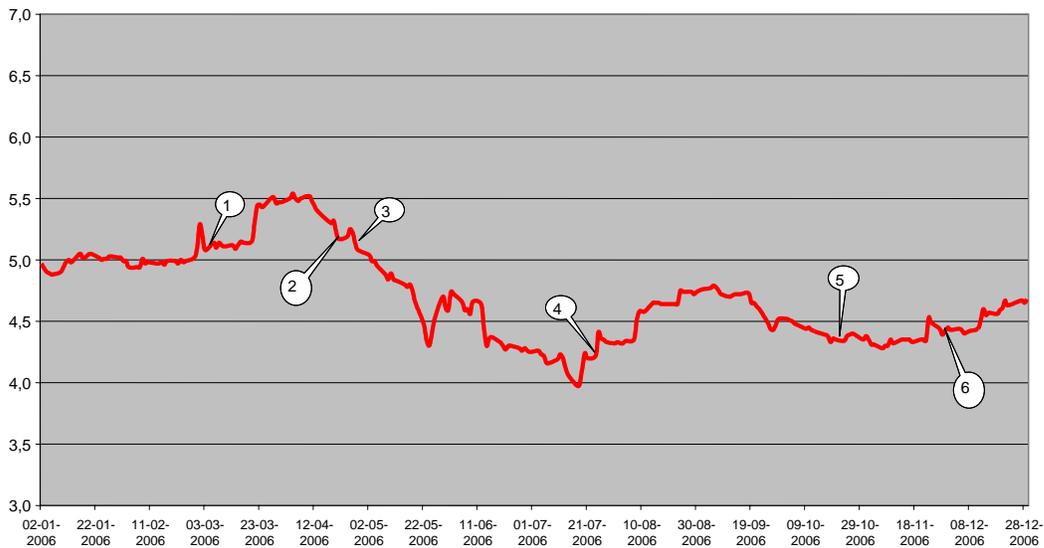
IMPRESA

Sociedade Gestora de Participações Sociais, SA.

4. Impresa shares

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

Evolution of IMPRESA shares 2006 (€)



Events that may have influenced the share price of this company during the fiscal 2006 were as follows:

- 1) March 9th: 2005 annual accounts presentation.
- 2) April 21th: General Assembly/Approval of 2005 annual accounts.
- 3) April 27th: Publication of 1st quarter earnings and downward revision of estimates for year-end.
- 4) July 24th: Publication of 2nd quarter earnings.
- 4) October 23th: Publication of 3rd quarter earnings and downward revision of estimates for year end.
- 6) November 29th: Investor Day 2007. Introduction of 2007 perspectives.

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:



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- 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 majority, may resolve.

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

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

This being the case and since prior years' losses have not yet been covered in full, it has not yet been possible to distribute dividends.

5.2. Perspectives

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 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 previous years' reports, 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 is located, as mentioned in the prospectuses for admission to quotation in June of 2000 and IMPRESA's capital increase in October of 2003, on Euronext.



Apart from the operation mentioned in the previous paragraph, in 2006 there were no dealings or 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.

8. Support to investors

8.1. Impresa's communication policy

In line with good corporate governance practice of listed companies relative to shareholders' 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 in 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
Phone: +351-213929780
Fax: +351-213929787.
Email: jfreire@IMPRESA.pt



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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.

In this way, 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 periods. Its members are as follows:

Chairman: Dr. José Pedro Correia de Aguiar Branco

Members: Dr. Rafael Mora
Sr. Alberto Romano

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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

10. Audit of financial information

10.1 Financial information audit process

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 auditing services providers

Audit fees for 2006 totalled 425,336 Euros, made up as follows:

- a) 358,073 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) 2,250 Euros (0.53%) for other services to provide assurance of reliability;
- c) 49.213 Euros (18.16%) for tax consulting services;
- d) 15.800 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 EXERCISE OF VOTING RIGHTS AND SHAREHOLDERS REPRESENTATION

1. Company 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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- 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 depository 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



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

In order to comply with article 384 of the Commercial Companies Code, in the drafting given by Decree-law no. 76-A/2006, of 29 March, an amendment to the Company's by-laws will be proposed at the extraordinary general meeting, already convened for 12 April 2007, so as to regulate the exercise of voting rights by correspondence.

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, which are constituted by the delegation of powers conferred by resolution of July 14th, 2000, are established in the Executive Committee Regulation.

2. Internal procedures adopted

With the entry in force of the amendments to the Commercial Companies Code, introduced by Decree-Law no. 76-A/2006, of March 29th, 2007, a proposal for the alteration of the corporate governance model will be submitted to the Extraordinary General Meeting, scheduled for April 12th, 2007, with specific reference to the selection of an oversight committee or an Audit Committee, constituted by members of the Board of Directors, 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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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:

<u>Chairman:</u>	Dr. Francisco José Pereira Pinto de Balsemão (1st appointed in 1990)
<u>Vice-Chairman:</u>	Eng. Luiz Fernando Teuscher de Almeida e Vasconcellos (1st appointed in 1990)
<u>Members:</u>	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 14th, 2000, as contemplated in the by-laws, the current management of IMPRESA is delegated to an Executive Committee comprising three directors appointed and freely replaceable by the Board of Directors, as follows:



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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 systems 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. Publishing, C.O.O Digital, 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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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 Board of Directors

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 dependent 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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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 Board on matters dealt with and decided 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 Board

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 Board of Directors 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 six meetings in 2006; 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



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

of the hierarchy. This was done 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 IMPRESA Group 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 2006, 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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

5. Compensation of the members of the board

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 2006, in accordance with the resolutions of the General Meeting and the Compensation Committee:

Compensation (a)			
Directors	Fixed	Variable	Total
Executive	628,600	0	628,600
Non-Executive	70,000	0	70,000
TOTAL	698,600	0	698,600

(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 years' 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 pensionable 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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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.”

The Vice-Chairman of the Executive Committee, having retired in 2006, is currently covered by the supplementary pension plan described above.

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, convened for April 12, 2007, in connection with the creation of an Audit Commission, who will be responsible for defining the functional model for this system.

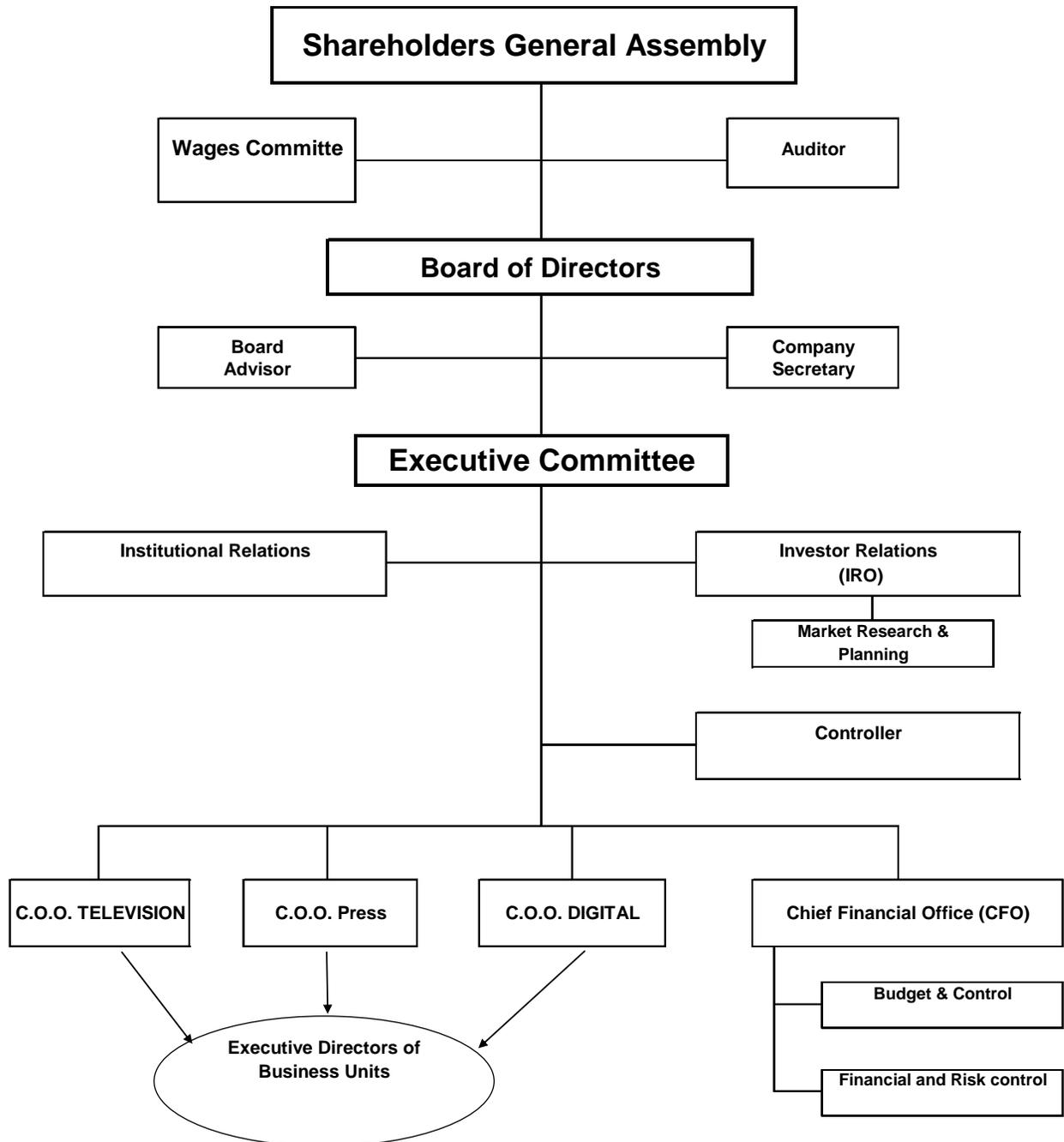


IMPRESA

Sociedade Gestora de Participações Sociais, SA.

ANNEX I

GROUP IMPRESA ORGANIZATION CHART





IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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 ^o Francisco Maria Supico Pinto Balsemão
Market and Institutional Relations	Dr. Francisco José Pereira Pinto de Balsemão and Eng ^o Francisco Maria Supico Pinto Balsemão
Strategic Development and New Business	Dr. Francisco José Pereira Pinto de Balsemão and Eng ^o Luiz Fernando Teuscher de Almeida e Vasconcellos
Human Resources	Dr. Francisco José Pereira Pinto de Balsemão and Eng ^o Francisco Maria Supico Pinto Balsemão
Commercial and Marketing	Eng ^o Luiz Fernando Teuscher de Almeida e Vasconcellos
Financial and Management Control	Eng ^o Luiz Fernando Teuscher de Almeida e Vasconcellos and Eng ^o Francisco Maria Supico Pinto Balsemão
Technologies and Information Systems	Eng ^o Francisco Maria Supico Pinto Balsemão
Risk Management	Eng ^o 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 Fundación 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) and member of the Advisory Committee of the University of Lisbon (since December 2006).

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) Group Companies

- 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



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- Chairman of the Board of Directors of SOINCOM – Sociedade Gestora de Participações Sociais, SA
- Chairman of the Board of Directors of IMPRES JORNAIS – Sociedade Gestora de Participações Sociais, SA
- Chairman of the Board of Directors of SOJORNAL – Sociedade Jornalística e Editorial, SA
- Manager of EDIMPRESA – Editora, Lda.
- Manager of IMPRESA CLASSIFICADOS – Publicidade, Lda.
- Manager of MEDIA ZOOM – Produção Multimédia (Impresa Gigital), 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 Daily Mail and General Trust plc
- Manager of Francisco Pinto Balsemão, Lda.
- Manager of Sociedade Turística da Carrapateira, Lda.

Engº 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 Group Sociedade Nacional de Sabões. 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.

In addition to the offices held in corporate bodies of Group companies or other companies, as indicated below, he is member of the Sub-Forum of the Media Iberiamerican Forum.

Offices presently held in other companies:

a) Group companies

- 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
- Vice-Chairman of the Board of Directors of IMPRESA JORNAIS – Sociedade Gestora de Participações Sociais, SA
- Director of SOJORNAL – Sociedade Jornalística e Editorial, SA
- Manager of GMTS – (Global Media and Technology Solutions) - Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda.
- Manager of IMPRESA CLASSIFICADOS – Publicidade, Lda.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- Manager of MEDIA ZOOM – Serviços Técnicos e Produção Multimédia, 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 BP - Companhia Portuguesa de Petróleos.

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.º Francisco Maria Supico Pinto Balsemão

He earned his degree in electronic engineering and computers, telecommunications and electronics branch at the Instituto Superior Técnico, Universidade Técnica de Lisboa.

Took post-graduate course in management of telecommunications 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 Imprejournal, 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



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

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 multinational company and world leader in the supply of specialized content for professionals (lawyers, accountants, bankers and scientists), and senior advisor in Portugal to Investment Banking Division of the multinational bank of North American origin, Lehman Brothers.

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 IMPRESA JORNAIS – Sociedade Gestora de Participações Sociais, SA
- Director of SOJORNAL – Sociedade Jornalística e Editorial, SA
- Director of PTDP – Plataforma de Televisão Digital Portuguesa, SA
- Director of IMPRESA CLASSIFICADOS – Publicidade, Lda.
- Director of MEDIA ZOOM – Produção Multimédia (Impresa Gigital), 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, member of the Chancellery of the Portuguese Honorific Orders.

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:

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

SOCIAL RESPONSIBILITY

The Group IMPRESA is plainly aware of its social responsibility, as a group of companies that takes part in society, and assumes its added responsibility as a result of the fact that its activity is developed in the media domain.

It promotes, therefore, throughout the year, various initiatives, both externally and internally, that express its concerns with its activities environment and reflects the values it practices and privileges, such as:

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

In this context, throughout 2006, various initiatives were launched by the major media assets of the Group, providing society with value contributions in different areas:

A. EXTERNALLY

1. Institutional Initiatives

- National Championship of the Portuguese Language
 - Launched in 2005, in partnership with BPI, and repeated in 2006, with increased enthusiasm and an excellent level of participation, constituting a valuable contribution towards the study, better knowledge and culture of the Portuguese language. It is a competition organized by Expresso, SIC, SIC Notícias and Jornal de Letras.
 - The 2006 championship included more than 12,000 participants from all over the country and from PALOPs, encompassing all age groups. Schools joined the initiative with enthusiasm.
 - In this championship it was possible, for the first time, and with the support of ACAPO, to develop tests for blind participants.
 - The Grand Final, held at the Aula Magna of the Headmaster's Office of the University of Lisbon, brought together the 500 participants with the best results and was transmitted live on SIC.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- DVD “2005 EM REVISTA”

The most significant national and international events of 2005, the images, the media coverage's and the protagonists were assembled in this DVD, composed of more than 1,500 videos, 1,000 photographs and 5,000 articles. More than one million copies were published, distributed free with 12 publications of Group IMPRESA.

- Publication of the Bible Illustrated

- Following the publication of Os Lusíadas, Peregrinação and D. Quixote, the Expresso published another great literary work: the Bible, the Book of Books, in 12 volumes, in the second half of the year.
- The organization and commentaries were entrusted to Father Carreira das Neves, one of the most distinguished biblicists in Europe, while the illustrations were done by the painter Pedro Proença.
- It is a unique work, exclusive for Expresso readers, with assured rigour and a modern layout.

- Launch of Braille editions

The Braille editions, initiated in 2005 with the Visão magazine, were extended in 2006 to the Visão Júnior and Activa magazines.

- Reading Incentives

With the objective of instilling in young people the pleasure of writing and reading, several publications were launched.

- Special edition of Visão Júnior – A special edition, totally conceived and written by 20 school groups from basic education schools from various points in the country, was published.
- Reis de Portugal - “Era uma vez um rei” collection, comprising 12 books accompanied by a CD, with the narration of the story, as well as two original songs. It tells the story of each of the 12 most remarkable Kings in the History of Portugal, in an accessible language that enchanted the younger ones and enthused parents and teachers. The Association of History Teachers accompanied the creation of this work carried out by the Editor Zero a Oito, in association with the Expresso newspaper.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- **Animais do Mundo** – Another project of the “Expresso Mais Novos” brand, comprising 12 books, which tells the story, in a simple and fun way, of the life and secrets of some of the most fascinating species on the planet.
- **“O teu Jornal” competition** – Directed at student from lower and upper secondary education, its main objectives were: stimulate enthusiasm for reading and writing, develop research capabilities, stimulate creativity and contribute towards the development of team work.
The proposed challenge involved the elaboration of a small newspaper, for which the students were entirely responsible, from choosing the news articles to the graphic work, including the illustrations and photographs. More than 150 projects from schools all over the country were received. The variety and wealth of the contents demonstrated that young people, when encouraged, are generous and original.

- Christmas presents

In the days following up to Christmas, the proposal to offer a happier Christmas to the children of the shelter centres of Crescer Se, an association that develops its activity in the areas of protection and defence of children and family rights, was launched at the São Francisco de Sales Building. The response was generous, involving useful products and toys.

- Corporate voluntary work

Employees from various Group companies interested in the development of projects in the problematic areas of Lisbon and Porto, contributed with one day's work, helping to develop free time activities, and build kindergartens and leisure spaces.

- Other associated initiatives

Various Group companies, in collaboration, developed initiatives at appropriate times, in answer to urgent social issues. Projects in favour of solidarity associations resulted from that partnership:

- Funding of the Holiday Colony for children of women prisoners from the Tires Penitentiary and residents at the “Casa da Criança”, during the entire month of July, thus avoiding having to keep them “locked up” in the residence.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- Caras/SIC Esperança – Promotion of a music CD sold with the Caras magazine, the proceeds of which were donated, via SIC Esperanças, to the National Association of Palliative Care.
- Conference “Portugal em Exame”

Organized for the second year in a row by the Exame business magazine, with the theme “In search of excellence and innovation”. It brought together many businessmen and presented case studies of Portuguese companies in which excellence and innovation were responsible for successfully introducing products in highly competitive international markets.

- Global Management Challenge

An initiative launched over 28 years ago in partnership between Expresso and SDG – Simuladores e Modelos de Gestão, which is currently implemented in 25 countries throughout Europe, Latin America, Asia and Africa. More than 330,000 people from management schools and companies have participated in the initiative.

2. In the Publishing area

The prizes awarded by some of the media assets of the Group, with the aim of honouring individuals who made an important contribution to the development of society, are also worthy of mention:

Expresso

- Prémio Pessoa. Launched in 1987, in partnership with Unisys, it is to this day the most prestigious Portuguese award. For 20 years, it has stimulated new personalities in the areas of culture, science, literature and art. The 2006 laureate was António Câmara, one of the most representative figures of a new area of applied knowledge, including information technology and virtual reality which register a remarkable expansion in our country.
- Prémio Primus Inter Pares, in partnership with Banco Santander Totta. It aims to contribute towards the development of a culture of rigour, professionalism and excellence in business management, through the granting of privileged opportunities for complementary, national and international academic training for three recent graduates of Business Management or Economics from Portuguese Universities, Faculties or Institutes of Higher Education, who have been awarded that level of degree



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

and which the jury decides to distinguish each year, as the most outstanding. The 2006 winner was Pedro Machado Ambar, from the University of Porto.

Visão

- Visão Photojournalism Prize. It is the largest and most important Portuguese photography award for the press. Created seven years ago with the objective of stimulating and awarding prizes to the work of Portuguese or resident reporters in Portugal, the number of applications increases every year and is already in the hundreds. The big winner of 2006 was Pedro Cerdeiro, reporter of the Jornal de Notícias.

Activa

- Prémio Mulher Activa. Created in 2001, with the objective of promoting work that is often hidden in the shadows of anonymity, and paying tribute to the women or groups of women who distinguished themselves in the previous year for their work or achievements in favour of Portuguese society. The 2006 prize was awarded to Sister Maria Fernanda Lopes, from the Social Work of the Oblatas Sisters.

Exame

- The 500 Best and Biggest Enterprises. This special edition, which is in its 17th consecutive year, continues to be the trust worthiest guide to the Portuguese corporate universe. In this study, undertaken exclusively for Exame by Informa D&B and Deloitte, in addition to the ranking of the 500 biggest enterprises, according to sales turnover, the best company from 23 sectors of activity as well as the Company of the Year are chosen. The Company of the Year in 2006 was Sacor Marítima.
- The 1,000 Biggest Small and Medium-sized Enterprises. The winners are chosen from a dossier that the Exame magazine has published for 11 consecutive years. In addition to the elaboration of the ranking of the 1,000 biggest Small and Medium-sized Enterprises, this study, undertaken exclusively for Exame by Informa D&B and Deloitte, includes the election of the best Small and Medium-sized Enterprise from 19 sectors of activity as well as the Small and Medium-sized Enterprise of the Year, the best among the best. The Small and Medium-sized Enterprise of the Year in 2006 was Mundi Globe.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

Autosport

- “Car of the Year – Troféu Volante de Cristal”. An initiative that has gained prestige and continues to merit the preference of the brands, pilots and journalists of this specialty. The Car of the Year 2006 was the Volkswagen Passat.

Other contributions

All of our titles in the press area give 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.

3. In the Television area

- From year to year, SIC has steadily increased the support provided to various institutions and projects which encompass the areas of health, culture, environment and civic services.
During 2006, 1962 promotional spots were transmitted for free, which corresponded to more than 100 campaigns, in a total of 12 hours and 40 minutes of broadcasting time.
Among the several benefitted institutions, special attention was given to the following: Banco Alimentar contra a Fome, Associação Laço, Liga Portuguesa Contra a Sida, União Zoófila, Liga Portuguesa Contra o Cancro, Fundação Portuguesa de Cardiologia, AMI, Espaço T, Cedema, Fenacerci, A.P. Leucemia, Amnistia Internacional, Associação Portuguesa de Apoio à Vitima, Associação das Mulheres contra a Violência and Instituto de Apoio à Criança.
- In 2006, there was a greater focus from the various Associations on Human Rights campaigns: the rights of women, children, refugees, etc. The raising of awareness in connection with Animal Rights was also not forgotten. In this connection, a very well conceived campaign was undertaken, whose advertising film was awarded a SINO prize.
- In the health area, the Aids dilemma was once again targeted with both “shock” and “humoristic” campaigns, raising the awareness of young people to the cold, hard reality.
The advertising film “Focas” from the Portuguese Cardiology Foundation, which received a SINO award, also launched the alert in connection with the excess weight and lack of physical exercise of the younger strata in our society.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- In the music shows area, SIC was once again the Official Television of the Rock in Rio Lisbon, an opportunity for the SIC brand and universe to interact with the public through a SIC space. Throughout the five days of the event, more than 115 thousand free gifts were distributed, via direct delivery or as a participation prize in one of the games held.
Support was also given to the promotion of other shows, which included: the “Festival Internacional de Música da Póvoa de Varzim”, the “Festival da Juventude” of the Municipal Council of Esposende, the “Festival da Primavera” and the “Festival do Outono”, both organized by the Botanical Garden of Ajuda and the “Festival de Música em S.Roque”, organized by the Santa Casa da Misericórdia de Lisboa.
- Pursuing its policy of catering to the television spectator, SIC continued to organize study visits to its studios, having received the visit of 43 institutions that include primary and secondary schools and associations, in a total of 1163 people.
- For the third year in a row, SIC offered all the Portuguese the magical experience of seeing the Millennium BCP/SIC Christmas tree, the biggest in Europe.

In the cultural area, the following initiatives are worthy of mention:

- Support provided to the National Museum of Ancient Art and, specifically, the exposition “Grandes Mestres da Pintura de Fra Angélico a Bonnard”, an exposition with more than 90 works from artists from the 15th to the 20th century.
- Consolidation of SIC as “Gold Mecenaz” of the National Cultural Centre, support which had already been given in 2005.
- Partnership in the promotion of the “Cow Parade” exposition, the greatest contemporary art event in the world.
- Promotional campaigns in connection with the following initiatives: “Youth Week” and “Jazz in Tomar” organized by the Municipal Council of Tomar, “Jovens Criadores 2005” competition of the Clube Português de Artes e Ideias and several initiatives of the Acert Association in Tondela, such as expositions, fairs and concerts.

Other campaigns

In 2006 SIC renewed its support for the “Super Atletas” project of the Portuguese Sports Federation for the Disabled, for the next Para Olympic games in China, similarly to what had been done for the Para Olympic movement in Athens 2004.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

4. SIC Esperança

In its fourth year of activity, SIC Esperança continues its pursuit of consolidating and developing the initiatives taken by the various areas of the SIC universe in support of social cohesion. Through the development of specific projects, 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 the patrons that their funds are well spent and that their image is shown in a positive light, thereby increasing the confidence of the Portuguese people in social cohesion, and assuring them that the money is spent wisely and applied in 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 2006, the implementation and support of projects of a social nature focused on three specific areas:

Old age:

SIC Esperança was one of the three institutions that benefited from the annual solidarity campaign organized by Banif, having received a sum of 119.948 euros, which was applied in full in projects connected with Old Age, such as:

- Creation of the “Jardim Esperança” in the installations of the Portuguese Association of the Relatives and Friends of Alzheimer Patients. This civil construction, which has enabled the use of the exterior space for the development of therapies aimed at diminishing the impact of the disease in day-to-day life, directly benefits the 55 people that use the Daily Support Centre.
- Acquisition of 10 articulated beds and 10 armchairs for the users of the Fraternity of S. Vicente de Paulo in Lisbon, benefiting the users of the home and day centre.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- Acquisition of an adapted van to transport elderly people, users of the Red Cross centre in Estoril.

Other projects were also concluded in 2006, in connection with this theme:

- Funding of initiatives in connection with the “Oficina do Idoso” project, namely the acquisition of material for the recreation of traditional activities and promoting the meeting of generations for 50 users.
- Implementation of the Internet network in 45 universities for the elderly, which are taking part in the RUTIS Project, whose monthly fee will be paid by Portugal Telecom for one year.

Children

In partnership with the social project of the Rock in Rio Lisbon and with the support of BP, 552,984 euros were raised, which permitted improving the quality of life of approximately 1,000 children and teenagers with physical and mental limitations, through the associations Acapo, Fenacercis and “Vela sem Limites”, as well as the Maximiliano Kolbe Centre in Marvila:

- ACAPO – Portuguese Association of Blind People and Sufferers of Amblyopia. Seven rooms of sensorial stimulation were equipped in Braga, Faro, Leiria, Viana do Castelo, Castelo Branco, Coimbra and Porto.
- Fenacercis (Federation of Cercis). The “Snoezelen” Project, a program of rehabilitation via the senses, was supported. In addition, seven treatment rooms in Pombal, Caldas da Rainha, Fafe, Corroios, Macedo de Cavaleiros, Lisbon and Grândola were created.
- Acquisition of an adapted minibus for the project “Vela Sem Limites”, developed by Cercica and the Cascais Naval Club.
- Creation of a “Parque Esperança” in the São Maximiliano Kolbe Social Centre in the Marvila parish.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

5. Relations with its Stakeholders

The presence of IMPRESA in the various bodies of which it is a member is already consolidated, which allows it to actively participate in all decisions. It holds a prestigious position and gives advice to both regulatory bodies as well as self-regulatory bodies. Such positioning was consolidated in 2006, particularly as a result of its positive contribution towards the discussion and elaboration of alternative proposals to the draft laws that the Government prepared and which are aimed at tighter control of the media sector.

Journalist's Statute

Every single point was debated extensively and agreements in connection with the majority of clauses were able to be reached, with the exception of the journalist's copyrights, whose final draft, imposed by the Minister overseeing the sector, ended up in full contradiction with the Copyrights and Associated Rights Code. Nonetheless, it was still possible to create an Arbitrary Commission that functions under the authority of the Journalists' Professional Portfolio Committee, which is responsible for resolving conflicts between journalists and businessmen.

The legislative proposal, approved in a Council of Ministers Meeting, awaits discussion in the Parliament in 2007.

Regulation and supervision tax of the ERC (Media Regulatory Entity)

A strong position was taken, and communicated to the Government, against the imposition of this tax. An opinion was solicited from a jurist on the unconstitutionality of the applicable tax; the Parliamentary Groups and the President of the Republic were asked to analyse the Decree-law's constitutionality and it was well succeeded in getting all of the congenerous European organizations to take a public position against this tax. There were concerted reactions and decisions not to pay, to complain and contest on the part of the API and APR Associations, as well as from Televisions and Communication Groups. The process dragged on into 2007 and there is no certainty as to how it its conclusion.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

Consumer Code

The Government presented a proposal that, by combining the Consumer Code with the Advertising Code, is, in some cases, even more restrictive than the European Directive that regulates advertising. The proposal defends the creation of another Regulatory Entity (ERCC), sustained at the cost of extra taxes, this time on advertising, but which end up having repercussions on media companies.

Within the Confederation of Media Companies and with the support of all the Associations, the proposal was contested point by point, and the unacceptability of the fusion of the two Codes was reaffirmed.

The extinction of the Institute of the Consumer suspended the process underway.

ICAM Tax

The increase in the ICAM tax was discussed, as well as the extension of its scope to include sponsorship, product placement and telesales.

Legislative proposal on the limits of ownership concentration in media companies

In October, the Government launched a public discussion in connection with the abovementioned preliminary draft proposal that strangles the consolidation and growth in the media sector, multiplies bureaucracy, gives exaggerated and discretionary powers to the ERC relative to the definition of relevant markets and many other issues and generates confusion among the competences of the Regulatory Entities.

Objections were raised in connection with the draft proposal, demonstrating its uselessness, and arguing that the freedom of expression and pluralism, which the Government claims it intends to safeguard, are already defended by the application for the specific laws of television, radio and press. On the other hand, the dimension of the Portuguese market, in relation to other countries in the European Union, is not a valid justification for this initiative.

The process was carried over to 2007. No date has been set for approval by the Government or a debate in the Parliament of the Republic.

Television Law

Under the pretext of redefining the legal framework of access to Television activity and its respective exercise, to be able to offer invitations to tender for the Terrestrial Digital Television, the Government launched for public discussion a legislative proposal, once again extending the powers of the ERC in connection with information and programming control, imposing



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

grids, intervening in contents way beyond that which is reasonable, ratifying the Codes of Conduct and the Editorial Statutes, in complete disrespect for the principles of freedom to inform and be informed, as guaranteed by the Constitution.

Various alternative proposals were presented, in reaction to the document. The Minister accepted the introduction of some of the alterations discussed in the meeting.

Approval in the Council of Ministers and the debate in the Parliament will be carried over to 2007.

In addition to these initiatives, others were undertaken on other fronts:

In the Portuguese Confederation of the Media Sector

We participated in the entire activity of the Confederation, particularly in the elaboration and discussion of alternative proposals to the laws on Social Communication, launched for public discussion by the Minister overseeing the sector; in the meetings with the Minister; in the Parliamentary Group and First Commission hearings and in the adoption of public positions whenever it was considered opportune.

In the API (Portuguese Press Association)

- The renegotiation of the Collective Work Contract was accompanied. It was not, however, finalized. Its completion is expected to take place in the first four months of 2007.
- The negotiation process with the Government in connection with the cuts in the payment of the transport of publications to Madeira and the Azores was followed closely.
- The same applies with regards to paid postage, which was withdrawn from foreign shipments and limited to national circulation.
- We participated in clarification meetings for the Regional Press on the revision of the Journalist's Statute and other alterations underway in legislation in connection with the media.
- We initiated contacts and promoted the study of the contract to be established with "clipping" companies.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

In the APCT (Portuguese Association for Control of Printing and Circulation)

- We completed the review of the statutes, which were approved by the General Assembly.
- A new web site was built with more information available to the public and more specific information for members, who also participated, with their suggestions and demands, in the elaboration of the programme.
- The monthly quota and the admission fee were reviewed. The updating of the supplementary quota to be applied next year was also discussed.
- The number of audits was extended and the rigour of analysis was defined in more detail.
- The first steps were taken to create a work group that will study ways of measuring subscriptions and circulation of on-line editions.

In the CAEM

- For strategic reasons, the defence of the structure based only on two pillars (media and advertisers) was abandoned and the initial structure was adopted once again: APAP, APAN and the Confederation.
- Decisions taken by unanimity were abandoned.
- Costs are now tri-partite (APAP will begin paying).
- The new corporate governance model was approved.
- Contacts were begun to select an Executive Director to apply the approved organization chart and statutes and introduce more professionalism to the Commission.

In the OBERCOM

- Elections were held and a more dynamic team was found that has been producing studies of interest for the media and has provided a new outlay and contents to the monthly information Newsletter, which is now more complete.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

In the ICAP

- The alterations to the statutes were approved.
- The Strategic Plan 2006-2008 was approved.
- ICAP's own headquarters were finally obtained. The APAN installations were vacated.
- The connections with EASA were deepened.
- ICAP began taking part more frequently in European meetings.
- The current mandate of the Corporate Boards was extended until March 2007 and the job rotation in connection with the position of Chairman of the Board of Directors will be negotiated in the forthcoming elections, so that the other Group participants may also occupy that position.

In the Journalist's Professional Portfolio Committee

- The control of journalists in situations of Incompatibility was intensified.
- The study on the creation and functioning of the Arbitrary Commission on journalists' copyrights and the training of the Legal Office, which will be attributed new competences within the scope of article 14 of the new Journalist Statute, was initiated.

In the EPC – European Publisher's Council

Within the scope of this European body, which is presided over by Dr. Francisco Pinto Balsemão, 2006 was a year of intense activity involving follow-up and discussion of various subjects of major importance to the media sector, within the European Framework, such as: Television without Frontiers Directive, now designated as AVMS (Audiovisual Multimedia Services), Rome II, Databases, Services Directive, restrictions to advertising and VAT.

The discussion of these topics will continue into 2007. Final decisions may be taken with regards to the first two during the Portuguese Presidency (in the 2nd half 2007); VAT will be carried over to 2008, due to the fact that the extension on the current regime of exemptions until 2009 was obtained.

Within the context of this Directive, the issues related with the right of reply and the protection of minors was also object of discussion.

Controversial, but without significant alterations in 2006, were the topics related with the use of product placement and the duration and location of advertising blocks; the principle that no industry representative vindicates the use of the product within the scope of information or news programmes, was at least clarified.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

Expresso newspaper network

At the beginning of the year, a meeting was held with the representatives of the media companies that constitute the Network, so as to create a website where one could make preparations for an on-line daily newspaper that included political, economic and social information from the Expresso, while the regional newspapers would contribute with information from the *real* country; one could, in this area, give space to the “citizen reporter” and a wider debate about local problems.

The proposal was well received. However, it was not possible to implement given the mobilization with the graphic, content and format alterations of Expresso.

Journalism course

In 2006, a Journalism and Contents Production Course for Non-Journalistic Staff, encompassing a set of seven sessions and 24 lessons and which continues into 2007, was launched.

It was an initiative that raised much interest, with a very active participation of approximately 32 people.

Thematic conferences

The Contents Programme was elaborated and contacts with distinguished personalities were established for the launch of a cycle of Thematic Conferences, directed at Directors and Editors, as well as other staff interested in the subject matter to be presented.

B. Internally

Personnel and buildings safety

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. All the IT and technical people are prepared and have means to act in an emergency.

Environment protection

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.



IMPRESA

Sociedade Gestora de Participações Sociais, SA.

- Growing use of recycled paper, packaging and printing toners.
- Implementation of good environmental practices at SIC, through the placement of 70 recycling bins and the distribution of messages alluding to the various spaces throughout SIC offices.
 - Within the scope of the Rock in Rio social project, the planting of 37,800 trees in the Tapada de Mafra to neutralise the carbon emissions of the Rock in Rio Lisbon event and its associated activities, for a period of 30 years. This initiative has also allowed reforestation of most of the area that was burnt in 2003.

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 of conduct codes that the remaining publications have adopted and adapted to fit their specific needs.