(Convenience Translation into English from the Original Previously Issued in Portuguese)

Editora Abril S.A.

Financial Statements for the Years Ended December 31, 2004 and 2003 and Independent Auditors' Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

EDITORA ABRIL S.A.

Financial Statements for the Years Ended
December 31, 2004 and 2003 and
Independent Auditors' Report

EDITORA Abril

(Convenience Translation into English from the Original Previously Issued in Portuguese)

EDITORA ABRIL S.A.

Financial Statements for the Years Ended
December 31, 2004 and 2003 and
Independent Auditors' Report

CONTENTS

EDITORA Abril

(Convenience Translation into English from the Original Previously Issued in Portuguese)

MANAGEMENT REPORT

To our Stockholders,

We are pleased to submit the Financial Statements of Editora Abril S.A. (Company) and subsidiaries (consolidated), as well as the Independent Auditors' Report for the year ended December 31, 2004.

THE BRAZILIAN ECONOMY

The Brazilian economy resumed growth in 2004. Such rates as the Gross Domestic Product - GDP and the Country Risk reached levels that are more favorable to business. The first one had decreased by 0.1% in 2003 and now went up 5.2%; the second one went down to 378 points - the lowest in the country's history was 337 points reached on October 22, 1997. The Selic (Central Bank overnight rate), which establishes the basic interest rate, however, went up from 16.5% to 17.75% in the course of the year, as a result of the government's policy to restrain inflation, which, according to the IPC-A (Extended Consumer Price Index), was 7.5% at yearend.

The decrease in the unemployment level of the economically active population - which, according to the Brazilian Institute of Geography and Statistics (IBGE), went down from 12.3% in 2003 to 11.5% in 2004 - suggests a salary recovery. Its impact on the communications segment could be felt in the second half of the year.

PROFILE OF ABRIL

Abril and its subsidiaries, the group to which Editora Abril S.A. and its subsidiaries belong, is one of the largest and most influential communications groups in Latin America, recognized for its integrity, quality and innovation values. The Company is part of the lives of millions of Brazilian citizens, offering, every day, quality information, culture, education and entertainment, in whichever platform the client may choose.

The group publishes a total of 90 regular titles - among which VEJA, the fourth largest weekly news magazine in the world, and the largest outside the U.S. - and publishes 56 million school books at the Ática and Scipione publishing companies. It has the largest printing plant in Latin America and the only one in the region that uses rotogravure - a printing process recommended for printing over 300,000 copies. Abril also holds controlling interest in MTV, quality segmented TV for young people, and TVA, pioneer cable and digital subscription TV and broad band internet.

Abril has a valuable net of relationships - readers, subscribers, advertisers, advertising agencies and distributors - and treats them with respect and attention. The Company's major concern is to understand, meet the needs and delight all of its publics. To this end, it has been enhancing its marketing, communication and distribution tools.

The group closed 2004 with about 3.2 million subscribers and 6,000 employees, of which 2.8 million subscribers and 4,400 employees at Editora Abril, with the following highlights:

- Net revenue of R$2.1 billion, an increase of 8% over the previous year.

- Earnings before interest, taxes, depreciation and amortization (EBITDA) of R$415.4 million as compared with R$362.3 million in 2003, an increase of 14.6%.

- It has seven of the ten biggest magazine titles in Brazil (five of Editora Abril). The publications are leaders in all segments and five of them are among the 30 most admired vehicles in Brazil according to a survey conducted by the Meio & Mensagem newspaper.

- The launchings of TVA Digital and Ajato Voz were the highlights at TVA, now consolidated as a service provider with full convergence of media - image, voice, and internet.

- Editora Ática and Editora Scipione maintained their leadership in the textbook sector, with a 36% share in the private market and 30% in the government market.

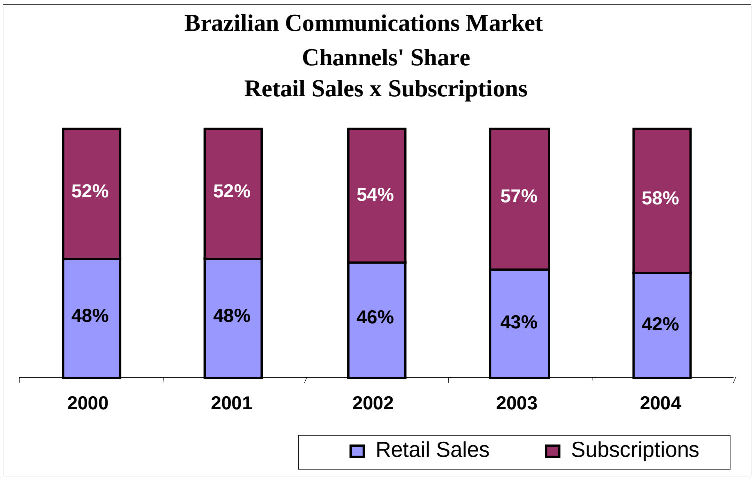
THE BRAZILIAN COMMUNICATION MARKET IN 2004

• ADVERTISING

The recovery of the economic growth in 2004 has positively affected the Brazilian advertising market, which has overcome the stagnation of previous years. Investments of funds increased by 22%, totaling gross revenue of R$13.5 billion. Of this total, the gross funds directed to magazines amounted to R$1.2 billion. The major increases occurred on the internet and pay TV, signaling an ever increasing use of segmented media, with more specific communication plans.

• MAGAZINE CIRCULATION

In the last five years, from 2000 to 2004, revenue from magazine circulation in Brazil has grown 9.9% per year on average, mainly as a result of the 14.5% increase in subscriptions, while the total number of copies sold went down 2.6% in the same period (especially retail sales, which have decreased by 5.7% during those years). The drop in volume is explained by the recession experienced at the beginning of this decade, which has caused a direct impact on the purchasing power of families. In 2004, according to the Brazilian Audit Bureau of Circulation (IVC), the Brazilian magazine market as a whole suffered an 1.6% reduction compared to 2003, while net revenue increased by 7.9%.



Source: IVC

EDITORA ABRIL

• OPERATIONAL RESTRUCTURING

Editora Abril has restructured its operations, segmenting its publications into six business units:

- VEJA
- BUSINESS
- BEHAVIOR/CONSUMPTION
- TOURISM/TECHNOLOGY
- HOME/WEEKLIES
- CULTURE/YOUTH

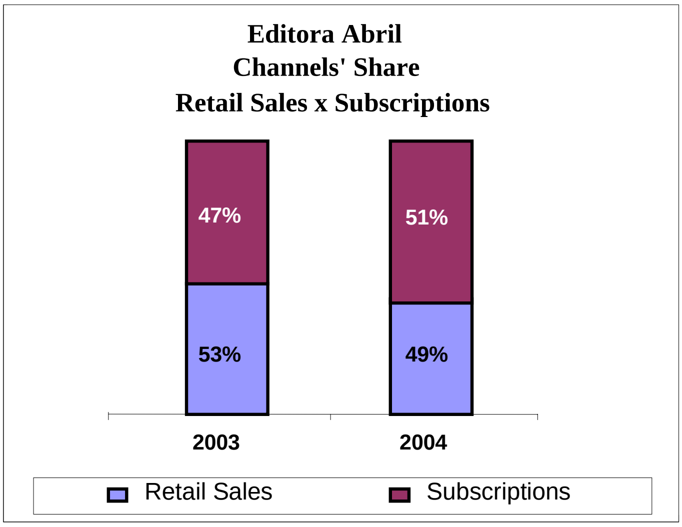
The advertising functions were centralized in four executive boards, segmented by advertising agencies. Accordingly, the person responsible for the relationship is closer to the client and may keep current on its planning, allowing better understanding of Abril's operating segments and the design of customized media plans.

With this new structure, Editora Abril intends to increasingly enhance its relationship with readers and advertisers, broadening the possibilities for brand expansion by means of the various platforms available.

• CONSUMER REVENUE

Editora Abril distributes its publications through two channels: Subscription and Retail Sales (newsstands, supermarkets and convenience stores). In 2004, 50.8% of Editora Abril's magazine circulation referred to subscriptions and 49.2% to retail sales.

Editora Abril delivers, by means of subscriptions, 74 million copies per year in 2,200 Brazilian cities, to about 2.8 million subscribers. With respect to retail sales, while the total number of copies has dropped by 8%, net revenue increased by 6% in 2004. According to IVC data, Editora Abril's market share totaled 72% of the volume and 89% of revenue, of which 34% and 37%, respectively, in the retail sales segment, and 48% and 52%, respectively, in the subscriptions segment.



Source: Editora Abril Balance Sheet

- **INTERNET/ABRIL SEM FIO (WIRELESS ABRIL)**

Abril has consolidated the strategy of using its internet sites as a client of publications valuation tool. Different access levels were created for the 40 sites, with free areas for tasting and areas reserved for subscribers and newsstand buyers.

As a result of this strategy, the number of magazine subscriptions made through the internet has increased by more than 50% compared to the previous year. By December 2004, about 3 million users have registered with Abril's sites. The average number of visitors to each one of its sites was 11 million internauts per month.

Abril's contents were also available on the wireless platforms, which involve cellular phones, personal digital assistants (PDAs) and other mobile devices. With respect to mobile telephony, products and services were produced in the different technologies adopted by the country's operators (CDMA, TDMA and GSM), in its various formats (WAP, SMS, MMS, Brew and Java).

- **SHARED SERVICES**

The sharing of services at Abril, by means of Editora Abril's Shared Services Unit, has permitted constructing a common platform to enhance business. In addition to centralizing activities and providing scale gains, this area has made it viable to make investments in infrastructure for all units of Abril companies. The focus was centered on standardization - elimination of redundancy and standardization of processes - and on the adoption of best practices.

- **LOGISTICS AND DISTRIBUTION**

The Shared Services Unit is also responsible for the magazine distribution logistics. The distribution networks of retail sales and subscriptions, which used to be separate, began to be integrated in 2004. The number of distributors in the whole country went down from 294 to 141 and the distribution teams were rearranged according to the area and the volume to be delivered. Synergy between partners was increased by using the distributors of subscription copies to also make deliveries to newsstands and to provide support to newsboys. The geographic distribution areas were harmonized with more efficiency and integration of transportation logistics. The printing of identification labels was decentralized to distributors, generating reduction and standardization of delivery terms and economy with pouches.

The results have already been felt. Deliveries to newsstands, which occurred to about 95% of the points-of-sale of great São Paulo in 2004, reached 100% in early 2005. There has been a significant reduction in the delivery terms of the first copy of subscriptions - in the case of VEJA, a subscription made at the sales center had this initial term reduced from 10 days to until 24 hours. A cost reduction of R$10.8 million was also obtained already in 2004, of a total of R$19 million estimated by the project to take place by the end of 2005.

- **INFORMATION TECHNOLOGY**

Editora Abril invested R$28.1 million in Information Technology - IT in 2004. The Shared Services Unit, together with the Vice-President of Finance and Corporate Control, was responsible for updating all of the transaction and management systems of the Company in the last two years. The operating and control systems were implemented, with emphasis on Finance and Supply ERP; XRT, a modern financial transaction, and cash and indebtedness control automation application; Oracle Financial Analyzer - OFA, a powerful controlling and business planning standardization platform; Radar, a sophisticated internally developed instrument for projecting short-term economic results; and Economic and Operational Model (MEO), an automated long-term projections and simulation tool. In addition to these, the Corporate Master Files and, finally, the RHon-line, were also developed and implemented.

The IT area guaranteed the feasibility, in 2004, of the investments in infrastructure that are necessary to Abril's operations and their expansion. Telecommunications systems, servers and hosting and help desk services were outsourced. The use of outsourcing and centralized purchasing planning has also made it possible to update about 40% of the microcomputers.

Having consolidated its systems, Abril is ready to start the Customer Relationship Management - CRM process. Internally called as Root Project, Abril's CRM starts in 2005 and will consolidate the magazine subscriber base, on-line content, pay TV and internet in a single channel, permitting to visualize the household that is Abril's client.

- **DINAP**

Dinap S.A. - Distribuidora Nacional de Publicações (Dinap), a subsidiary of Editora Abril, sells the products of Abril and other publishing companies in newsstands, magazine stores and bookstores. Using state-of-the-art technology and a wide network of regional distributors, it distributes publications to over 30,000 points of sales in about 3,600 municipalities throughout Brazil.

- **ABRIL PRINTING FACILITIES**

Editora Abril provides printing services, through its printing facilities (Gráfica Abril), to group companies and also to third parties. The highlight in 2004 was the restructuring of the printing facilities. Bottlenecks in magazine production peak periods were eliminated, generating more flexibility and productivity. New improvements, that made the printing facilities apt to print, in addition to magazines, books, commercial catalogs and tabloids, were implemented. By the end of 2004, Editora Abril's printing facilities were operating at full capacity. The agreement with R.R. Donnelley to sell idle periods at the printing facilities was maintained in 2004.

- **OPERATING HIGHLIGHTS**

The "Projeto 100% Veja Sábado" (100% Veja on Saturday Project), whereby all great São Paulo subscribers and newsstands receive VEJA not later than 9 p.m. on Saturday, was launched at the end of the year. Making this project viable was only possible through the synergy between various Company areas.

Another highlight was the implementation of the Digital Mirror System at the newsrooms of the publications, which allows finalizing the magazines, including the advertisement pages.

In order to test the availability of services for the Brazilian public abroad, Abril launched the CONTIGO! magazine in Japan.

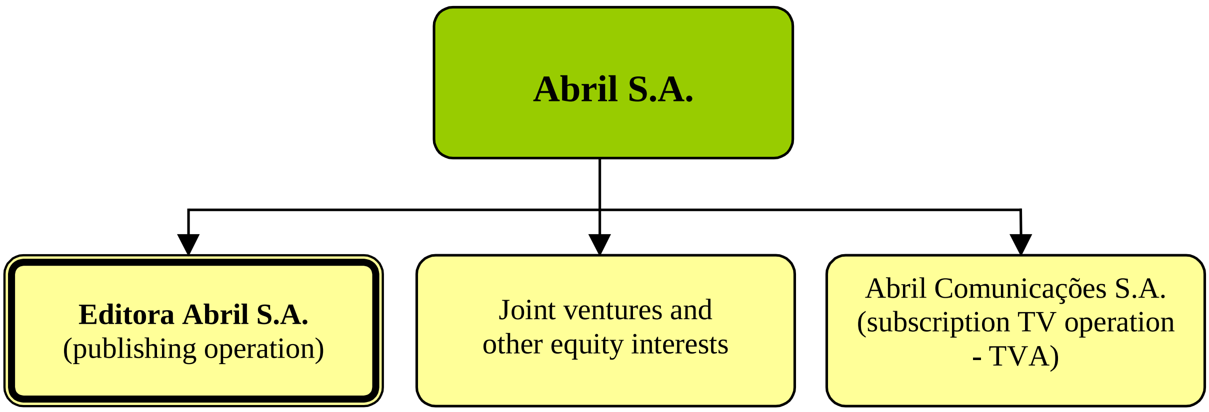
- **ABRIL'S CORPORATE GOVERNANCE**

Abril has remodeled its corporate governance since 2001, upon the organizational restructuring that has created Abril S.A. (holding).

In the following years, the Company made management professionalization a priority, without losing the focus on integrity and editorial independence, which are the pillars of its credibility. Thus, the Editorial Council, the Board of Directors and, more recently, the Audit Committee were created.

Year 2002 was especially important for the communications sector. In May, a change in the Constitution was approved to allow the participation of legal entities in equity control, and of foreign investors in up to 30% of the capital of Brazilian media groups. During that year, Abril's consolidation also progressed. In December 2001, the holding company started concentrating investments of various companies of the Abril group and, on December 31, 2002, it merged 43.51% of Abril Comunicações S.A. (holding of the pay television companies). Finally, as of March 31, 2003, it started holding 100% of Editora Abril S.A.'s and Abril Comunicações S.A.'s capital.

Ownership Structure of Abril S.A.



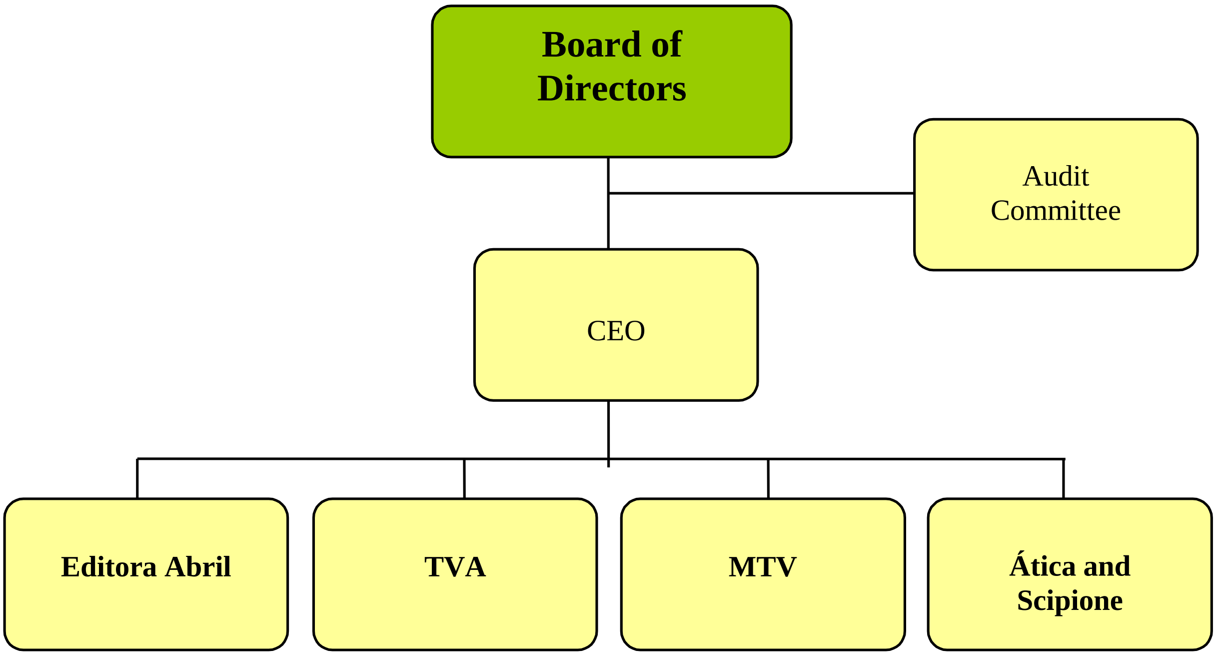
- **MANAGEMENT**

Today, Abril S.A. is managed by the Board of Directors and the Executive Board. The Board of Directors is responsible for defining the strategic policies that will be put in practice by the Executive Board. It holds monthly meetings with predefined agendas and themes for each meeting. The Board holds annually a meeting to discuss the long-term strategic outlook.

Early in 2004, three independent members joined Abril's Board of Directors. Fábio Barbosa, President of the ABN Amro Bank, economist Cláudio Haddad, President of IBMEC Educacional (Brazilian Institute of Capital Market), and Marcel Telles, Co-President of AmBev, are now part of the group which already included Roberto Civita, Chairman of the Board of Directors, Maurizio Mauro, Abril's CEO, Thomaz Souto Corrêa, President of the Editorial Council, and former Vice-Presidents José Augusto Moreira and Giancarlo Civita.

At yearend, the Audit Committee was established - in line with the Brazilian Securities Commission (CVM), and the U.S. Securities and Exchange Commission - SEC for corporate names registered with the U.S. market. This Committee has three members who are members of the Board of Directors and one external member, Taiki Hirashima, president of Hirashima & Associados.

Abril's Organizational Structure



- **CAPITAL INCREASE AND ADMISSION OF NEW PARTNER**

In July 2004, with the introduction of the investment in private capital companies fund, Capital Internacional, Inc., as new partner in the Abril S.A. holding, the Company takes the second big step in its going public process. The fund's interest is 13.8%, which has represented an increase of R$150 million in the group's capital. With this operation, Capital, one of the largest fund management companies in the world, with assets of US$317 billion as of December 31, 2004, now has two seats in Abril's Board of Directors, upon the appointment and participation of board members Guilherme de Araújo Lins and William Everett Bannister-Parker.

This was the first agreement performed by a communications group of Brazil after the change in the Constitution accepting the admittance of foreign investors in companies of this sector. The funds were used to restore working capital and reduce Editora Abril's indebtedness, resulting in strengthening of its economic and financial position, which has maintained control of the management and of the contents it produces, as required by Brazilian legislation.

SOCIAL MANAGEMENT

- ### HUMAN RESOURCES

Editora Abril ended 2004 with 4,433 employees. A new round of the Organizational Climate Survey was used to support the strategic development plan for people management. More than half of the total number of employees has voluntarily answered the survey questionnaires in November 2004 and the results indicate improvements in relation to the last survey, conducted two years ago. All of the questions received higher evaluation scores.

The Company is concentrated in preparing its employees for the future and to that end focuses its Human Resources strategic actions on four pillars: Talent Management, Knowledge Management, Change Management and Leadership Training. In 2004, Editora Abril invested R$2,678,000 in training. Over 80% of Abril's staff - about 5,000 people - has gone through courses directed to leadership, technical qualification and personal development.

The highlights were the Abril Management Course (CGA), a management development program carried out in partnership with Fundação Dom Cabral. In 2004, 51 managers participated in the CGA. Other programs carried out were the Harvard Manage Mentor, an on-line management development course created by the Harvard Business School and the Finance Workshop, developed together with the Vice-President of Finance and Corporate Control, in the format of seminars, presentations, lectures and technical visits, presented by the area employees themselves. With respect to attracting and forming new talents, the Company maintains the Abril Journalism Course, which has graduated about 1,700 professionals in the journalism, editorial design and photography areas.

Abril provides to its employees and dependents a wide range of benefits, including the Abril Health Plan - especially designed to meet their needs and with ongoing monitoring of quality - as well as a dental plan, pharmacy plan, life insurance, credit cooperative, leisure center and agreements with consumer cooperatives. It is also worth emphasizing the meal subsidy and excellent restaurants at the main premises of Abril companies.

Abrilprev, established in 1994, is a nonprofit pension entity whose purpose is to supplement social security benefits, providing greater security for employees upon retirement.

Regarding job opportunities, Abril created in 2001 the Special Talents Program, which has become a reference in treating the physically disabled as professionals, without any connotation of charity. The Special Talents Program focuses on the ability of the candidates, not on their disability. Today, 89 employees are part of this Program, 84% of whom have operating positions in the Printing and in the Distribution and Logistics areas.

- **DIRECT SOCIAL ACTIONS**

Abril is committed to the social development of Brazil and the enhancement of civic participation. This is expressed not only through its business activities - the production and dissemination of information, culture, education and entertainment - but also through actions that reinforce its link with the community. Abril participates in projects where it can add its experience. Its policy of granting advertising space benefited, in 2004, 40 nonprofit institutions. It is worth mentioning its participation in the "Click Árvore" project (www.clickarvore.com.br), in the environment area, and in the Business Council on AIDS Prevention, in the health sphere.

- **FUNDAÇÃO VICTOR CIVITA**

Fundação Victor Civita is one of the three largest Brazilian private foundations centered on education. The Foundation focuses on the teacher, especially the public school teacher, considered the most important change agent of the country.

The principal relationship medium between the foundation and its public is the magazine ESCOLA, the most permanent and successful social initiative by a Brazilian company in the education area. Its circulation of 700,000 copies per month is the second largest in the country, and reaches all 200,000 elementary schools, in the whole country, indirectly benefiting over 25 million students. Teachers also have access to the on-line version of the publication (www.novaescola.com.br), where they find significant information for their professional and personal growth.

Another innovative project developed by Fundação Victor Civita is the "OFÍCIO DE PROFESSOR" collection, prepared by a team of teachers with wide professional experience. The material, consisting of nine volumes, is oriented to teachers of the early grades of elementary education interested in enhancing their education, and has become a reference as material for distance teaching education. The program has already sold 65,000 collections throughout Brazil since their release in 2002.

The Foundation is also responsible for "Prêmio Victor Civita - Professor Nota 10" the biggest Brazilian education award event. This initiative recognizes and encourages quality teaching work, making public opinion aware of the importance of teachers for the construction of a country with more conscious citizens. Over 15,000 papers were enrolled in the last seven years, and 87 teachers received the award.

In 2004, over 3,500 projects were enrolled with the Professor Nota 10 award throughout Brazil, and awards in the total amount of R$100,000 were distributed. The work of finalist teachers is divulged in the ESCOLA magazine and on TV Cultura.

Preparation of the "VEJA NA SALA DE AULA" (VEJA IN THE CLASSROOM) guide that publishes weekly class plans based on reports, articles and interviews published by VEJA MAGAZINE is also the Foundation's responsibility.

CONSOLIDATED RESULTS

a) Net sales revenue

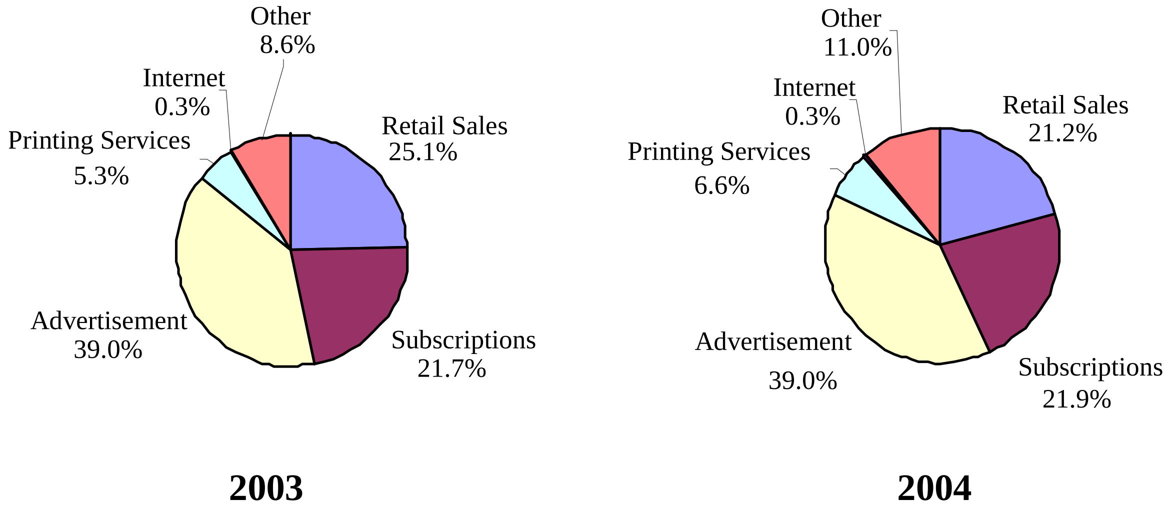
The net revenue of Editora Abril and its subsidiaries totaled R$1,440.2 million in 2004, exceeding net revenue for 2003 by 10.4%.

Advertisement sales, in the amount of R$561.2 million, went up 10.2% in comparison with the previous year. Subscription revenue increased by 11.2% in the year, totaling a net revenue of R$315.4 million. This increase more than made up for the retraction of 6.7% in retail sales, which totaled R$305.8 million.

Revenue from the printing services segment also increased in the year. The strategy of selling idle periods, as well as the investments made to broaden the scope of activities, resulted in an increase of 37.6% in net revenue from that area, which reached R$94.9 million in 2004.

Internet revenue, although not representative in Editora Abril's total consolidated revenue, increased by 37.9%, indicating its potential for the next years.

Sales Revenue of Editora Abril



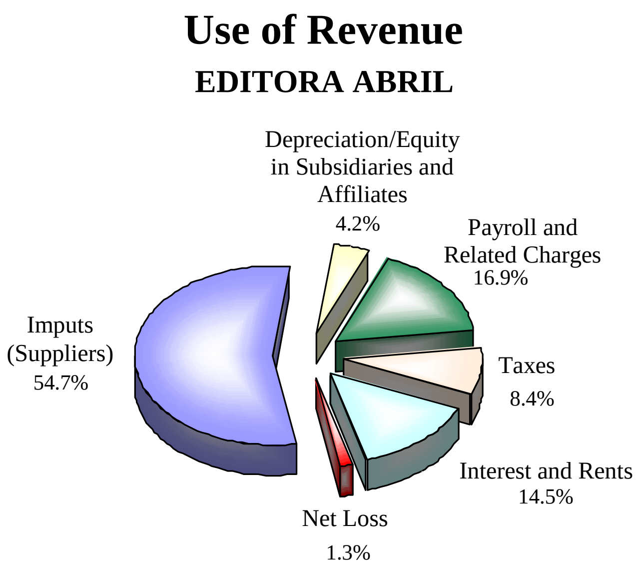
b) Costs and expenses

Editora Abril's consolidated costs - including depreciation and amortization in the amount of R$52 million - increased by 18.4% in the year, totaling R$662.4 million, against R$559.4 million in 2003. The cost variation was caused by greater use of the printing facilities' installed capacity; continuation of the organizational restructuring; and expenses on new projects of the product portfolio.

Selling expenses increased by 11.0%, in line with the increase in net revenue and revenue from subscriptions, concentrated mainly in expenses on advertisement, promotions, and events.

Editora Abril's administrative expenses decreased by 3.2% in relation to 2003, due to the decrease in the number of administrative staff during the course of the year and the reduction in expenses due to the outsourcing of IT services.

Personnel expenses went up 6.6% as a result of the collective bargaining for the category since the Company's overall staff remained stable in relation to the previous year.



INVESTMENTS

In 2004, Editora Abril and its subsidiaries invested R$46.0 million, an amount higher than the R$38.5 million invested in 2003. Of the total amount, 61% was invested in IT and the remaining 39% was invested in the modernization and maintenance of its assets.

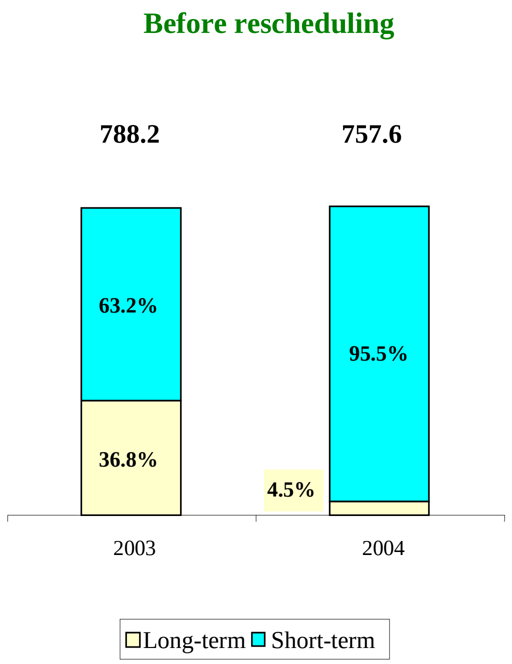
FINANCIAL POSITION

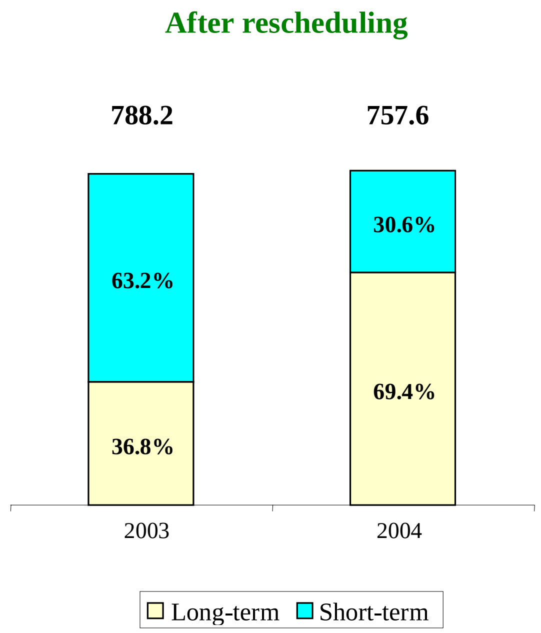
Editora Abril S.A. and its subsidiaries had, as of December 31, 2004, total indebtedness, less financial investments (net of investments with related parties), of R$757.6 million, corresponding to 3.3 times EBITDA (against R$788.2 million in 2003, or 3.2 times EBITDA). This indebtedness comprises loans from financial institutions, debentures, commercial papers and import financing. Of the total net indebtedness, 18.8% is denominated in U.S. dollars (17.8% in 2003) and 81.2% in Brazilian currency, compared to 82.2% in 2003.

On April 20, 2005, the Company signed with certain creditors the final agreements related to the amendment of the existing terms and conditions, representing approximately 65% of the consolidated financial liability of Editora Abril S.A. and of its subsidiary Dinap as of that date (the "Rescheduling"). The basic terms of the Rescheduling were preliminarily defined by the parties on November 24, 2004, at the time of the signature of the corresponding Term Sheet.

The terms of Editora Abrils's debt were extended, which were reflected in the financial statements, significantly changing the short- and long-term debt profile.

EDITORA ABRIL S.A. (CONSOLIDATED)
Profile of Net Debt
(R$ million)





CONSULTING AND ADVISORY SERVICES

The Company uses outside consulting and advisory services in the legal, tax, technical, commercial and administrative areas. However, the financial statement audit is under the sole responsibility of Deloitte Touche Tohmatsu Auditores Independentes, which provides no other consulting or advisory services to Editora Abril S.A. or any of its subsidiaries.

OUTLOOK

Abril begins year 2005 in better condition to obtain a satisfactory performance - thus strengthening its traditional characteristic of foreknowledge associated to its main indicators.

All projections indicate that the Brazilian economy will continue to grow in 2005. It is expected that the purchasing power of salaries, which have improved, although not affecting directly the publishing sector, will represent an increase in expenses on information, education and entertainment. Abril is prepared to absorb this growth and to continue offering relevance to its different publics.

ACKNOWLEDGEMENTS

We are grateful to our customers for their loyalty, to our suppliers and creditors for our successful relationship, and to our employees, for their talent, which is the basis that supports the success of Abril.

São Paulo, May 3, 2005

THE MANAGEMENT

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BALANCE SHEETS AS OF DECEMBER 31, 2004 AND 2003
(In thousands of Brazilian reais - R$)

ASSETS AND STOCKHOLDERS' DEFICIT

	Company		Consolidated	
	2004	2003	2004	2003
CURRENT ASSETS:				
Cash and banks	8,692	16,994	9,639	18,677
Cash investments	-	1,277	-	305,390
Trade accounts receivable	148,328	117,730	248,518	211,135
Inventories	57,803	46,983	63,440	48,193
Recoverable taxes	6,756	7,576	8,126	8,635
Deferred income tax	3,872	-	3,872	-
Advances to employees and other	17,960	11,917	18,631	12,547
Total current assets	243,411	202,477	352,226	604,577
LONG-TERM ASSETS:				
Loans, trade accounts receivable and other receivables from subsidiaries and affiliated companies	879,380	1,074,676	715,663	920,372
Escrow and compulsory deposits	9,882	6,010	11,090	7,030
Deferred income tax	116,006	129,136	116,006	129,136
Cash investments	-	-	300,077	-
Other receivables	8,568	6,894	8,568	6,894
Total long-term assets	1,013,836	1,216,716	1,151,404	1,063,432
PERMANENT ASSETS:				
Investments	371,670	413,737	21	13,628
Property, plant and equipment	180,671	153,110	358,516	370,030
Deferred charges	-	-	765	1,584
Total permanent assets	552,341	566,847	359,302	385,242
Total assets	1,809,588	1,986,040	1,862,932	2,053,251
STOCKHOLDERS' DEFICIT:				
Capital	(93,537)	(93,537)	(93,537)	(93,537)
Capital reserve	(531)	(531)	(531)	(531)
Revaluation reserve	(97,933)	(118,505)	(97,933)	(118,505)
Accumulated deficit	282,211	281,628	282,211	281,628
Total stockholders' deficit	90,210	69,055	90,210	69,055
Total assets and stockholders' deficit	1,899,798	2,055,095	1,953,142	2,122,306

The accompanying notes are an integral part of these financial statements.

EDITORA Abril

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BALANCE SHEETS AS OF DECEMBER 31, 2004 AND 2003
(In thousands of Brazilian reais - R$)

LIABILITIES

	Company		Consolidated	
	2004	2003	2004	2003
CURRENT LIABILITIES:				
Debentures	56,160	159,733	56,160	159,733
Loans and financing	225,448	311,567	175,919	339,570
Trade accounts payable - local	43,472	56,272	46,674	59,520
Trade accounts payable - foreign	48,993	53,146	48,993	53,146
Payroll and related charges	48,886	53,274	53,137	57,513
Income and social contribution taxes	1,636	-	2,510	376
Taxes in installments	2,656	30,571	2,814	30,955
Other taxes payable	7,264	6,217	8,582	7,874
Tax recovery program (PAES)	21,200	14,650	24,356	16,590
Advances from customers	144,280	113,120	97,903	67,497
Other payables	94,726	101,564	105,125	112,984
	694,721	900,114	622,173	905,758
Magazine subscriptions	146,705	141,519	147,181	142,082
Total current liabilities	841,426	1,041,633	769,354	1,047,840
LONG-TERM LIABILITIES:				
Loans from and other payables to subsidiaries and affiliated companies	252,950	352,331	317,140	421,819
Debentures	296,079	134,650	296,079	134,650
Loans and financing	219,437	229,395	229,483	155,528
Reserve for tax contingencies and other	50,035	57,560	58,855	65,705
Tax recovery program (PAES)	205,382	169,362	223,213	195,555
Deferred income tax	19,114	22,136	42,433	53,031
Taxes in installments	4,466	45,807	4,764	46,536
Allowance for losses on subsidiaries' operations	48	607	-	-
Total long-term liabilities	1,047,511	1,011,848	1,171,967	1,072,824
DEFERRED INCOME	10,861	1,614	11,782	1,614
MINORITY INTEREST	-	-	39	28
Total liabilities	1,899,798	2,055,095	1,953,142	2,122,306

The accompanying notes are an integral part of these financial statements,

EDITORA Abril

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(In thousands of Brazilian reais - R$, except for per share data)

	Company		Consolidated	
	2004	2003	2004	2003
SALES OF PRODUCTS AND SERVICES	1,349,300	1,254,341	1,505,827	1,360,236
Less-taxes on sales	(56,174)	(48,036)	(65,594)	(55,115)
	1,293,126	1,206,305	1,440,233	1,305,121
COST OF SALES AND SERVICES	(5,195)	(481,802)	(662,366)	(55,943)
Gross profit	773,626	724,503	777,867	745,691
OPERATING EXPENSES:	(592,707)	(556,137)	(613,744)	(579,661)
Management compensation	(4,162)	(2,683)	(4,162)	(2,683)
Selling	(387,082)	(364,309)	(417,787)	(376,433)
Administrative	(201,305)	(188,308)	(191,637)	(199,639)
Goodwill amortization	-	(577)	-	(577)
Other, net	(158)	(260)	(158)	(329)
EQUITY IN SUBSIDIARIES AND AFFILIATES	(15,028)	(35,004)	9,801	(762)
REVERSAL OF ALLOWANCE FOR LOSSES ON SUBSIDIARIES' OPERATIONS	559	906	-	-
Income from operations before financial income (expenses) and nonrecurring expenses	166,450	134,268	173,924	165,268
FINANCIAL INCOME (EXPENSES):				
Income	44,902	40,754	72,005	103,674
Expenses	(242,491)	(311,179)	(254,382)	(319,551)
Exchange variations, net	21,375	57,235	(7,886)	(26,782)
NONRECURRING EXPENSES - PAES	-	(39,681)	-	(43,535)
Loss from operations	(9,764)	(118,603)	(16,339)	(120,926)
NONOPERATING INCOME (EXPENSES), NET	(3,519)	25,510	(3,635)	16,541
Loss before income tax	(13,283)	(93,093)	(19,974)	(104,385)
PROVISION FOR INCOME TAX	(7,872)	(975)	(1,170)	9,920
Loss before minority interest	(21,155)	(94,068)	(21,144)	(94,465)
MINORITY INTEREST	-	-	(11)	397
Net loss	(21,155)	(94,068)	(21,155)	(94,068)
Loss per share (R$)	(2.0807)	(9.2522)		
Book value per share (R$)	(8.8727)	(6.7920)		

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In thousands of Brazilian reais - R$)

		Capital reseve				
		Investment	Revaluation reserve		Accumulated	Total stockholders' equity
	Capital	grants	Company	Subsidiary	deficit	(deficit)
BALANCES AS OF DECEMBER 31, 2002	93,537	531	62,441	88,013	(219,509)	25,013
Realization of revaluation reserves	-	-	(14,859)	(32,988)	47,847	-
Income tax on revaluation realization	-	-	4,682	11,216	(15,898)	-
Net loss	-	-	-	-	(94,068)	(94,068)
BALANCES AS OF DECEMBER 31, 2003	93,537	531	52,264	66,241	(281,628)	(69,055)
Realization of revaluation reserves	-	-	(8,887)	(22,283)	31,170	-
Income tax on revaluation realization	-	-	3,022	7,576	(10,598)	-
Net loss	-	-	-	-	(21,155)	(21,155)
BALANCES AS OF DECEMBER 31, 2004	93,537	531	46,399	51,534	(282,211)	(90,210)

The accompanying notes are an integral part of these financial statements.

EDITORA Abril

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	2004	2003	2004	2003
SOURCES OF FUNDS:				
Provided by operations	37,403	-	45,554	-
Long-term loans and financing	7,242	16,625	7,242	33,064
Amount of transfer of Aroeira Participações S.A.	99,202	-	99,202	-
Transfer to current of a portion of long-term assets	4,409	-	11,391	-
Transfer of debt rescheduling to long-term liabilities	481,571	-	491,617	-
Loans from subsidiaries and affiliates, net	41,531	-	40,130	-
Minority interest	-	-	-	416
Total sources	671,358	16,625	695,136	33,480
USES OF FUNDS:				
Used in operations	-	42,603	-	40,466
Additions:				
Property, plant and equipment	51,115	32,207	54,102	35,859
Deferred charges	-	385	5	384
Investments	-	16,088	-	14,369
Long-term assets	3,762	1,763	3,925	1,730
Loans to subsidiaries and affiliates, net	-	61,470	-	55,601
Loans to stockholders	-	802	-	802
Decrease in long-term liabilities	3,733	6,402	3,580	6,402
Transfer to current of a portion of long-term liabilities	370,282	135,219	299,005	138,045
Transfer to long-term of a portion of current assets	1,325	-	308,384	-
Total uses	430,217	296,939	669,001	293,658
INCREASE (DECREASE) IN WORKING CAPITAL	**241,141**	**(280,314)**	**26,135**	**(260,178)**

(Continues)

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENTS OF CHANGES IN FINANCIAL POSITION FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(In thousands of Brazilian reais - R$)

(Continuation)

	Company		Consolidated	
	2004	**2003**	**2004**	**2003**
REPRESENTED BY:				
Current assets:				
At end of year	243,411	202,477	352,226	604,577
At beginning of year	202,477	164,616	604,577	606,926
	40,934	37,861	(252,351)	(2,349)
Current liabilities:				
At end of year	841,426	1,041,633	769,354	1,047,840
At beginning of year	1,041,633	723,458	1,047,840	790,011
	(200,207)	318,175	(278,486)	257,829
INCREASE (DECREASE) IN WORKING CAPITAL	**241,141**	**(280,314)**	**26,135**	**(260,178)**
FUNDS PROVIDED BY (USED IN) OPERATIONS:				
Net loss	(21,155)	(94,068)	(21,155)	(94,068)
Items not affecting working capital:				
Depreciation and amortization	23,493	24,144	66,173	76,293
Disposal of permanent assets	61	11,203	267	25,479
Goodwill amortization	-	577	-	577
Equity in subsidiaries and affiliates	15,028	35,004	(9,801)	762
Reversal of allowance for losses on subsidiaries' operations	(559)	(906)	-	-
Write-off of deferred income	(1,824)	(6,185)	(903)	(6,185)
Allowance for loan losses	10,452	-	10,452	-
Capital loss in subsidiaries	695	1,736	695	-
Monetary and exchange variations, net on long-term items	(3,512)	(16,895)	255	(43,050)
Recognition (reversal) of deferred income tax not affecting working capital	6,236	(20,621)	(1,340)	(31,837)
Increase in long-term provisions	8,488	23,408	900	31,960
Minority interest	-	-	11	(397)
Total funds provided by (used in) operations	37,403	(42,603)	45,554	(40,466)

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Amounts in thousands of Brazilian reais - R$)

1. OPERATIONS

Editora Abril S.A. (the "Company") and its subsidiaries are engaged in printing and publishing activities, which comprise publishing, printing, distribution and sale of magazines, yearbooks and guidebooks, technical publications, sale of advertising and publicity, and database marketing.

2. PRESENTATION OF FINANCIAL STATEMENTS

The individual and consolidated financial statements have been prepared in accordance with Brazilian accounting practices and supplementary regulations, as described in Note 3.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Since management's judgment involves making estimates concerning the likelihood of future events, actual results could differ from those estimates.

3. SIGNIFICANT ACCOUNTING PRACTICES

3.1. The significant accounting practices applied in the preparation of the financial statements are as follows:

a) Cash investments are stated at cost, plus income earned through the balance sheet dates, up to the limit of fair value.

b) The allowance for doubtful accounts is recorded based on an analysis of receivables considered uncollectible.

c) Raw material inventories are stated at average acquisition cost and work in process and finished product inventories are recorded under the specific lot method, less an allowance to reflect replacement cost or net realizable value, when applicable.

d) Property, plant and equipment are stated at cost, monetarily restated through December 31, 1995, plus partial revaluation, less depreciation calculated under the straight-line method at the rates stated in Note 9, based on the economic useful lives of the assets.

e) The Company's significant investments in subsidiaries are accounted for under the equity method. The financial statements of foreign subsidiaries have been translated into Brazilian reais at the exchange rate prevailing at the balance sheet dates.

f) Advances from customers refer to advances received for future advertising and from newsstands magazine distributors and are recorded as revenue when the advertising is carried and the product is delivered, respectively.

g) The balance of magazine subscriptions is liquidated by production and delivery of future publications and is stated net of receivables related to subscriptions sold.

h) Reserves for tax contingencies, as well as escrow and compulsory deposits, mentioned in Note 11, are monetarily restated based on official indices established for this purpose.

i) Other assets and liabilities are monetarily restated when subject to indexation or exchange variation.

j) Loss and book value per share are calculated based on the number of shares outstanding at the balance sheet dates.

k) Statement of operations

k.1) Revenues from advertising, sales of products and printing services are recognized in income upon the publication of advertising, delivery of products and provision of services, respectively. Sales of magazines on consignment are recognized in income on the circulation dates, net of estimated losses. Revenues from magazine subscriptions are recognized in proportion to the number of copies delivered.

k.2) The provision for income tax is recognized in income considering the effects of temporary differences between the carrying amount and the tax basis of revenues and expenses.

3.2. Consolidated financial statements

The consolidated financial statements have been prepared in accordance with Brazilian Securities Commission (CVM) Instruction No. 247/96, of March 27, 1996, and include the accounts of the Company and the following subsidiaries:

Company	2004 Consolidation type	2004 Ownership interest - %	2004 Period consolidated in result	2003 Consolidation type	2003 Ownership interest - %	2003 Period consolidated in result
Abril Gráfica S.A.	Full	100.00	Jan to Dec	Full	100.00	Jan to Dec
Abril Investments Corporation (AICO)	Full	100.00	Jan to Dec	Full	100.00	Jan to Dec
Abril Jovem Investments Corporation	Full	100.00	Jan to Dec	Full	100.00	Jan to Dec
Abril Music Inc. (a)	Full	80.00	-	Full	80.00	Jan to Dec
Datalistas S.A.	Full	100.00	Jan to Dec	Full	100.00	Jan to Dec
Dinap S.A. - Distribuidora Nacional de Publicações	Full	100.00	Jan to Dec	Full	100.00	Jan to Dec
Gracia - Consultadoria e Investimentos, Lda. ("Gracia") (a)	Proportional	49.00	-	Proportional	49.00	Jan to Dec
Lab One Systems S.A. ("Lab One")	-	-	-	Proportional	60.00	Jan to Aug
Sociedade em Conta de Participação - Femininas ("SCP - Femininas")	Full	98.00	Jan to Dec	Full	98.00	Jan to Dec

a) Indirect investment through the subsidiary Abril Investments Corporation (AICO).

b) Investments in subsidiaries, equity in subsidiaries and affiliates, allowance for losses on subsidiaries' operations, receivables, payables, revenues and expenses from intercompany transactions are totally eliminated, when applicable, or in proportion to the Company's interest.

c) For those companies in which full consolidation was applied, minority interest is calculated based on the minority interest percentage in stockholders' equity of the respective company and disclosed separately in the consolidated financial statements.

4. CASH INVESTMENTS

	Consolidated Long-term 2004	Consolidated Current 2003
Cash investments	-	1,277
Cash investments with related parties	300,077	304,113
	300,077	305,390

4.1. Cash investments with related parties

On October 23, 1998, as described in Note 8.1., the subsidiary Abril Investments Corporation (AICO) made investments in the foreign market in the amount of US$97,925,000, equivalent to R$259,932, amount of the principal as of December 31, 2004, linked to Eurobonds issued by the affiliated company Abril Comunicações S.A., with interest rate of 8% p.a., which will be paid upon settlement of the Eurobonds on the maturity date, which was extended to October 25, 2007.

5. TRADE ACCOUNTS RECEIVABLE

	Company		Consolidated	
	2004	2003	2004	2003
Advertising	79,378	54,686	80,071	55,050
Distribution and retail	49,540	52,219	152,663	147,648
Printing services	17,889	12,661	17,889	12,661
Classified ads	1,831	1,906	1,831	1,906
Other	6,241	3,798	11,075	9,881
	154,879	125,270	263,529	227,146
Allowance for doubtful accounts	(6,551)	(7,540)	(15,011)	(16,011)
	148,328	117,730	248,518	211,135

6. INVENTORIES

	Company		Consolidated	
	2004	2003	2004	2003
Raw materials	29,533	26,824	29,533	26,824
Work in process	9,583	4,018	9,583	4,018
Finished products	8,424	6,665	14,061	7,875
Replacement parts	7,063	5,778	7,063	5,778
Sundry materials	1,057	837	1,057	837
Imports in transit	4,838	5,693	4,838	5,693
Provision for obsolescence	(2,695)	(2,832)	(2,695)	(2,832)
	57,803	46,983	63,440	48,193

7. INVESTMENTS

The direct investments of the Company in subsidiaries as of December 31, 2004 are summarized as follows:

Subsidiaries	Shareholders' equity (deficit)	Ownership interest %	Investments (allowance for losses) in subsidiaries	Net income (loss)	Number of common shares or sharequotas held (in thousands)	Equity in subsidiaries and affiliates	Reversal of allowance for losses on subsidiaries' operations
Abril Gráfica S.A.	226,677	100,00	226,677	(15,589)	176,746	(15,589)	-
Abril Investments Corporation (AICO)	76,791	100,00	76,791	(2,372)	-	(2,372)	-
Abril Jovem Investments Corporation	54,948	100,00	54,948	(4,864)	-	(4,864)	-
Datalistas S.A.	661	100,00	661	1,520	167	1,520	-
Dinap S.A. - Distribuidora Nacional de Publicações	12,568	100,00	12,568	(3,524)	7,126	(3,524)	-
SCP - Femininas	(49)	98,00	(48)	570	-	-	559
JVVA Participações S.A. (a)	-	-	-	-	-	9,801	-
Other	-	-	25	-	-	-	-
Net loss						(15,028)	559
Investments			371,670				
Allowance for losses on subsidiaries' operations			(48)				

(a) Income for January 2004.

7.1. The Company's investments are adjusted according to the interest in stockholders' equity of its subsidiaries based on financial statements prepared in accordance with Brazilian accounting practices, consistently applied.

7.2. The "Allowance for losses on subsidiaries' operations", in long-term liabilities, represents losses on operations of subsidiaries with stockholders' deficit.

7.3. In 2004, the Company and its subsidiaries made the following changes in their equity investments:

a) On February 13, 2004 the Company merged Mapletree Participações S.A., starting to hold 50% of the capital of JVVA Participações S.A., direct subsidiary of Editora Ática S.A. and Editora Scipione S.A. On February 26, 2004, the subsidiary Cedro International Ltd. purchased from the other controlling shareholder the remaining 50% of the capital, starting to hold full control (100% of the capital) of JVVA Participações S.A., and the Company subsequently transferred the sharequotas held in Cedro International Ltd. to ATC Trustees (Cayman) Limited. The details of this operation are described in Notes 14 and 25.2.

8. RELATED-PARTY TRANSACTIONS

The following table summarizes the transactions between the Company and related parties during the year ended December 31, 2004:

						Company
	Balance Sheet					
	Current		Long-term			
Subsidiaries and affiliates	Trade accounts receivable	Trade accounts payable, advances and other payables	Loans, trade accounts receivable and other receivables	Loans and other payables	Sales (cost), net	Finacial income (expenses), net
Abril S.A.	-	1,754	-	-	-	2,749
Abril Coleções Ltda.	1	-	15,156	-	-	3,606
Abril Comunicações S.A.	-	-	30,332	-	-	4,136
Abril Gráfica S.A.	-	78,071	-	-	(19,200)	-
Abril Investments Corporation (AICO)	625	-	171,195	-	-	2,305
Abril Marcas Ltda.	18	-	3,626	-	1,100	-
Abril Radiodifusão S.A.	530	103	-	14,523	2,070	(5,162)
Abril Vídeo da Amazônia S.A.	-	-	-	48,562	-	(6,924)
Datalistas S.A.	48	-	-	4,283	3	-
Dinap S.A. - Distribuidora Nacional de Publicações	1,523	46,958	12,979	-	39,381	-
Editora Ática S.A.	2,053	-	-	-	3,959	-
Editora Caras S.A.	6,951	476	-	28,861	11,928	(66)
Editora Novo Continente S.A.	2,438	727	-	20,653	9,036	(3,214)
Editora Scipione S.A.	2,002	-	-	-	2,703	-
Idealyze Participações S.A.	-	25,243	-	134,240	-	(2,496)
SCP - Femininas	130	533	-	1,432	2,061	(262)
Tevecap S.A.	-	-	56,151	-	-	7,250
TVA Sistema de Televisão S.A.	2,970	-	44,358	-	5,210	11,551
TVA Sul Paraná Ltda.	72	-	10,158	-	134	1,927
Usina do Som Brasil Ltda.	68	-	8,050	-	42	-
Outros	24	-	5,852	396	16	567
	19,453	153,865	357,857	252,950	58,443	15,967
Trade accounts receivable:						
Abril S.A. (8.2.)	-	-	501,492	-	-	-
Dividends receivable:						
Abril Investments Corporation (AICO)	-	-	16,400	-	-	-
Datalistas S.A.	-	-	3,631	-	-	-
	19,453	153,865	879,380	252,950	58,443	15,967

Subsidiaries and affiliates	Balance sheet: Current: Trade accounts receivable	Balance sheet: Current: Trade accounts payable, advances and other payables	Balance sheet: Long-term: Loans, trade accounts receivable and other receivables	Balance sheet: Long-term: Loans and other payables	Consolidated: Sales (cost), net	Consolidated: Financial income (expenses), net
Abril S.A.	-	1,754	-	-	-	2,749
Abril Coleções Ltda.	1	-	15,156	-	-	3,606
Abril Comunicações S.A.	-	-	30,332	26,480	-	3,263
Abril Marcas Ltda.	18	-	3,626	-	1,100	-
Abril Radiodifusão S.A.	530	103	-	14,523	2,071	(5,162)
Abril Vídeo da Amazônia S.A.	-	-	-	48,562	-	(6,924)
Consultadoria Brasenil S.A.	-	-	22,411	-	-	(702)
Editora Ática S.A.	2,053	-	-	-	3,959	-
Editora Caras S.A.	6,951	602	-	72,280	12,451	1,616
Editora Novo Continente S.A.	2,438	735	-	20,653	8,959	(3,213)
Editora Scipione S.A.	2,002	-	-	-	2,703	-
Idealyze Participações S.A.	-	25,243	-	134,240	-	(2,496)
Tevecap S.A.	-	-	56,151	-	-	7,249
TVA Communications Ltd.	-	-	18,080	-	-	212
TVA Sistema de Televisão S.A.	2,970	-	44,358	-	5,210	11,551
TVA Sul Paraná Ltda.	72	-	10,158	-	134	1,927
Usina do Som Brasil Ltda.	68	-	8,050	-	42	-
Other	119	-	5,849	402	-	482
	17,222	28,437	214,171	317,140	36,629	14,158
Trade accounts receivable						
Abril S.A. (8.2.)	-	-	501,492	-	-	-
	17,222	28,437	715,663	317,140	36,629	14,158
Cash investments (8.1.)						
Abril Comunicações S.A.			300,077			22,922

8.1. On October 23, 1998, the subsidiary Abril Investments Corporation (AICO) made investments in the foreign market in the amount of US$97,925,000, equivalent to R$259,932, amount of the principal as of December 31, 2004, linked to Eurobonds issued by the affiliated company Abril Comunicações S.A., with interest of 8% payable semiannually on April 25 and October 25 of each year, and will be paid upon settlement of the Eurobonds.

.

On October 24, 2004, AICO entered into an agreement with the affiliated company Abril Comunicações S.A., extending the maturity of the Eurobonds to October 25, 2005 and October 25, 2007.

8.2. In 2002, continuing the process started in 2001, the Company transferred to its subsidiary Abril S.A. receivables from Abril Comunicações S.A. and the investments in the following companies: Abril Marcas Ltda., Editora Caras S.A., Lemontree Representação de Assinaturas S.A., Yellowtree Participações Ltda., Whitetree Participações S.A., which holds ownership interest in UOL Inc. S.A., Abril Coleções Ltda., Editora Novo Continente S.A., MTV Brasil Ltda., Lispar Participações S.A., A.R.&T. Ltda., which holds ownership interest in Idealyze Participações S.A., and Mapletree Participações S.A., which holds ownership interest in JVVA Participações S.A. which, in turn, holds ownership interest in Editora Ática Ltda. and in Editora Scipione Ltda. These transactions were carried out at the book value of the investments. As a result, the Company has recorded, in long-term assets, a receivable from April S.A. in the amount of R$501,492 as of December 31, 2004, not subject to interest.

8.3. Sales and expenses with related parties were conducted under usual market prices and terms and refer to sale of printing services, sale of products and services, and general and administrative expenses.

8.4. Except for loans granted by the Company to the subsidiary Dinap S.A. - Distribuidora Nacional de Publicações, to related parties Usina do Som Brasil Ltda. and Abril Marcas Ltda., and for loans obtained from the subsidiary Datalistas S.A. and from the related party Editora Caras S.A., which are not subject to interest, other loans granted or obtained through loan agreements with subsidiaries and related parties are subject to market interest rates.

9. PROPERTY, PLANT AND EQUIPMENT

Company

	Annual depreciation rates	2004 Cost	2004 Depreciation	2004 Net	2003 Cost	2003 Depreciation	2003 Net
Land	-	13,948	-	13,948	13,948	-	13,948
Buildings	4%	10,279	(2,081)	8,198	10,279	(1,713)	8,566
Installations	10%	20,200	(11,862)	8,338	15,725	(10,892)	4,833
Industrial machinery and equipment	10 a 33%	104,026	(28,998)	75,028	85,079	(20,623)	64,456
Furniture and fixtures	10%	26,339	(21,523)	4,816	26,540	(20,668)	5,872
Vehicles	20%	2,215	(1,290)	925	2,525	(1,331)	1,194
EDP equipment	20%	131,051	(87,497)	43,554	102,772	(76,376)	26,396
Property, plant and equipment in progress	-	16,081	-	16,081	18,529	-	18,529
Other	-	10,655	(872)	9,783	10,163	(847)	9,316
		334,794	(154,123)	180,671	285,560	(132,450)	153,110

Consolidated

	Annual depreciation rates	2004 Cost	2004 Depreciation	2004 Net	2003 Cost	2003 Depreciation	2003 Net
Land	-	41,137	-	41,137	41,137	-	41,137
Buildings	4%	64,732	(17,829)	46,903	64,732	(15,803)	48,929
Installations	10%	48,210	(31,677)	16,533	41,617	(29,073)	12,544
Industrial machinery and equipment	10 a 33%	409,022	(234,592)	174,430	387,967	(189,539)	198,428
Furniture and fixtures	10%	27,142	(22,131)	5,011	27,441	(21,293)	6,148
Vehicles	20%	2,506	(1,581)	925	2,833	(1,638)	1,195
EDP equipment	20%	142,132	(96,112)	46,020	113,450	(83,695)	29,755
Property, plant and equipment in progress	-	17,560	-	17,560	22,356	-	22,356
Other	-	11,154	(1,157)	9,997	10,663	(1,125)	9,538
		763,595	(405,079)	358,516	712,196	(342,166)	370,030

On December 31, 2002, the Company and its subsidiaries, based on a report prepared by a specialized firm, made a revaluation of its machinery and equipment, covering only its plant, buildings and land. Based on this appraisal, the existing revaluation reserves were increased by R$22,963 (Company) and R$100,524 (consolidated) credited to the revaluation reserve in stockholders' equity.

As of December 31, 2004 the revaluation increment, net of depreciation, is as follows:

Description	Company	Consolidated
- Machinery and equipment	41,352	270,965
- Buildings	4,687	56,729
- Land	11,089	38,051
	57,128	365,745
Accumulated depreciation	(12,288)	(174,179)
	44,840	191,566

10. LOANS, FINANCING AND DEBENTURES

The Company and its subsidiaries have loans and financing obtained from financial institutions and debentures in the amount of R$797,124 as of December 31, 2004 (R$835,345 in 2003), Company, and R$757,641 as of December 31, 2004 (R$789,481 in 2003), consolidated, as follows:

				Company
	Current 2004	Long-term 2004	Current 2003	Long-term 2003
Debentures:				
Placed	79,573	296,079	170,350	143,600
Pledged	(23,413)	-	(10,617)	(8,950)
	56,160	296,079	159,733	134,650
In local currency-				
Bank loans	67,702	185,492	266,337	74,500
	67,702	185,492	266,337	74,500
In foreign currency:				
Commercial papers	116,343	22,562	5,247	145,905
Bank loans	35,954	-	35,204	-
Loans with suppliers	5,449	11,383	4,779	8,990
	157,746	33,945	45,230	154,895
Loans and financing	225,448	219,437	311,567	229,395
Total financing	281,608	515,516	471,300	364,045

	Consolidated			
	Current 2004	**Long-term 2004**	**Current 2003**	**Long-term 2003**
Debentures:				
Placed	79,573	296,079	170,350	143,600
Pledged	(23,413)	-	(10,617)	(8,950)
	56,160	296,079	159,733	134,650
In local currency-				
Bank loans	67,702	195,538	279,962	74,500
	67,702	195,538	279,962	74,500
In foreign currency:				
Commercial paper	134,620	22,562	19,625	145,905
Commercial paper in treasury	(67,806)	-	-	(73,867)
Bank loans	35,954	-	35,204	-
Loans with suppliers	5,449	11,383	4,779	8,990
	108,217	33,945	59,608	81,028
Loans and financing	175,919	229,483	339,570	155,528
Total financing	232,079	525,562	499,303	290,178

The Company's long-term financing matures as follows:

	Company		Consolidated	
Maturity	**R$**	**%**	**R$**	**%**
Jan/2006 to Dec/2006	144,726	28.07%	154,772	29.45%
Jan/2007 to Dec/2007	182,454	35.39%	182,454	34.72%
Jan/2008 to May/2009	188,336	36.54%	188,336	35.83%
	515,516	100.00%	525,562	100.00%

As mentioned in Note 25.1., on April 20, 2005 the Company and its subsidiary Dinap S.A. - Distribuidora Nacional de Publicações renegotiated the debt with certain creditors related to debentures and bank loans in local currency. The new payment conditions, interest and guarantees arising from these renegotiations, when applicable, are described below.

10.1. Debentures

On November 6, 2001, the Brazilian Securities Commission (CVM) approved the issuance of 3,000 debentures. According to the minutes of the Debentureholders' General Meeting on April 20, 2005, the debentures started to have the nominal value of R$118,000 each, totaling R$352,771, nonconvertible, to be settled on the last business day prior to December 31, 2008, and can be amortized in three installments, according to the following schedule: (a) 20% at the end of December 2006, (b) 40% at the end of December 2007, and (c) 40% at the end of December 2008. The financial charges are DI (interbank deposit) rate plus 2.5% per year (through April 20, 2005, CDI (interbank deposit) rate plus 3% per year), payable semiannually, with the first payment in December 2005. With the change of maturities of debentures arising from the renegotiation described in Note 25.1., the amount of R$296,079, Company and consolidated, as of December 31, 2004 was reclassified from current to long-term in the financial statements.

These debentures are the secured guarantee type, as defined by article 58 of Law No. 6,404/76, represented by the pledge of 438,925,463 shares representing 90.5% of registered shares, without par value, of Tevecap S.A., held by the related party Abril Comunicações S.A. The debentures are subject to additional collateral represented by: (i) pledge of receivables arising from: (a) any sale of publications made by the subsidiary Dinap S.A. - Distribuidora Nacional de Publicações to its distributors, (b) any sale of classified ads in all the Company's publications, (c) any sale of advertising space in all the Company's current or future publications, (d) sale of subscriptions to the Company's current or future publications, and (e) all receivables related to any amounts arising from fines, interest, charges and commissions due to the Company, or to Dinap S.A. - Distribuidora Nacional de Publicações, in case of default or delay in fulfilling the obligations related to the credit rights previously mentioned, (ii) pledge of receivables from Unibanco - União de Bancos Brasileiros S.A. and Banco Bradesco S.A. related to bank accounts maintained by the Company or by Dinap S.A. - Distribuidora Nacional de Publicações, which receive or will receive the quarterly minimum amount of R$125,000, arising from the receivables indicated in the previous item "(i)", and (iii) guarantee provided by Abril S.A. which will be the principal payer, jointly liable with the Company for all obligations arising from the Debenture Deed and its attachments, entered into by the Company and the Debenture Fiduciary Agent.

The debentures are subject to restrictive clauses related to earnings (EBITDA) and other administrative acts that, if not met, represent a creditor's right to accelerate the debt maturity and require additional charges. As of December 31, 2004, the Company was in compliance with all prevailing requirements.

10.2. Local currency

Bank loans

Loans in local currency mature through December 2008, subject to CDI rates plus weighted average interest of 3.65% per year (CDI plus weighted average interest of 5.38% prior to renegotiation).

The following are jointly guaranteed by the Company's subsidiaries and by the collaterals provided by the Company and its subsidiaries: (a) pledge of certain credit rights held by the Company, (b) pledge of certain credit rights held by the subsidiary Dinap S.A. - Distribuidora Nacional de Publicações, and (c) pledge of shares issued by the subsidiary Abril Gráfica S.A. In addition, certain related parties guarantee the loans through personal security or collateral.

The loan agreements contain restrictive clauses related to the fulfillment of certain financial ratios and advance payments through use of cash sweep of part of the funds arising from capital increases and sales of assets. The agreements also have restrictive clauses related to transactions with related parties, provision of guarantees, investments in permanent assets and development of new business lines.

As a result of the renegotiations, the amounts of R$185,492 (Company), and R$195,538 (consolidated) as of December 31, 2004 were reclassified from current to long-term in the financial statements.

10.3. Foreign currency

a) Bank loans and commercial paper

Refer to funds obtained through the issuance of commercial paper in the foreign market, import financing for paper and other credit lines, maturing through August 2006 and guaranteed by promissory notes.

These loans bear weighted average interest of 10.13% per year plus exchange variation. For commercial paper, interest is payable in semiannual installments from the issuance date, having started on October 25, 1997.

b) Commercial paper in treasury

The subsidiary Abril Investments Corporation (AICO) made investments in the foreign market in the amount of US$25,566,502, equivalent to R$67,806, as of December 31, 2004 (R$73,867 in 2003), in investment funds which maintain commercial paper issued by the Company in their portfolios. These securities are held by the funds for future placement in the secondary market and will be settled upon maturity on August 11, 2005.

c) Loans with suppliers

Refer to financing for acquisition of machines, maturing up to May 2009, collateralized by the financed assets.

11. RESERVE FOR TAX CONTINGENCIES AND OTHER AND ESCROW DEPOSITS

The Company and its subsidiaries are exposed to certain contingencies, including tax lawsuits, labor claims and claims for compensation of loss, which are not accrued in the financial statements. The amounts reserved are considered sufficient by management, based on several factors, including (but not limited to) legal counsel's opinion, the nature of the lawsuits and past experience.

In management's opinion, all lawsuits have been properly accrued, and for those not accrued, including those with likelihood of success considered possible by outside legal counsel, in the approximate amount of R$351,900 as of December 31, 2004, management understands that there is no likelihood of loss. The accrued amounts of the contingencies under litigation are as follows:

	Company		Consolidated	
	2004	2003	2004	2003
Civil and labor lawsuits	28,797	34,703	30,470	36,290
Income tax	15,485	14,503	15,528	14,548
COFINS (tax on revenue)	737	-	1,662	804
Social contribution tax	91	84	105	98
INSS (social security)	556	552	556	552
ICMS (state VAT)	-	-	2,162	1,909
ISS (municipal service tax)	1,016	-	4,205	2,964
FGTS (severance pay fund)	-	5,793	-	6,021
PIS (tax on revenue)	1,114	-	1,578	252
IPI (federal VAT)	-	520	-	520
Other	2,239	1,405	2,589	1,747
	50,035	57,560	58,855	65,705

For certain lawsuits reserved, the Company and its subsidiaries have escrow deposits in the amounts of R$9,882 (Company) and R$11,090 (consolidated) as of December 31, 2004, and R$6,010 (Company) and R$7,030 (consolidated) as of December 31, 2003, and property, plant and equipment pledged as collateral in the amount of R$9,245 as of December 31, 2004 (R$13,683 in 2003).

12. TAX RECOVERY PROGRAM (PAES)

On July 31, 2003, the Company and the subsidiaries Dinap S.A. - Distribuidora Nacional de Publicações and SCP - Femininas, through a protocol filed with the Federal Revenue Service, opted for the Federal Tax Recovery Program (PAES), established by Law No. 10,684 of May 30, 2003. The main reasons for this option were the extension of maturity dates and the use of TJLP (long-term interest rate) for monetary restatement.

In the second quarter of 2004 the INSS accepted the inclusion in the PAES of the Company's debts that were recorded under "Taxes in installments". As a result, the amount of R$67,319 was reclassified to the caption "Tax recovery program (PAES)".

Management's estimate is that the aforementioned installments will be settled in approximately 133 months (Company) and 122 months (consolidated), based on fixed installments, monetarily restated based on the TJLP for the period.

The debts estimated by the Company, related to taxes to be paid in installments, including principal plus interest and fines, calculated as of December 31, 2004, are as follows:

	Company	Consolidated
Current	21,200	24,356
Long-term	205,382	223,213
Total	226,582	247,569

13. TAXES IN INSTALLMENTS

The Company and the subsidiaries Datalistas S.A., Dinap S.A. - Distribuidora Nacional de Publicações and SCP - Femininas had their installment payment processes approved by the Federal Revenue Service, INSS and the Municipal Government of Osasco (ISS).

The debts related to taxes to be paid in installments, including principal plus interest and fines, calculated as of December 31, 2004 and 2003, are as follows:

				Company
		2004		2003
	Current	Long-term	Current	Long-term
INSS	-	-	29,776	43,022
FGTS	1,744	2,185	-	-
PIS	912	2,281	795	2,785
	2,656	4,466	30,571	45,807

				Consolidated
		2004		2003
	Current	Long-term	Current	Long-term
COFINS	148	235	132	341
INSS	-	-	30,020	43,204
PIS	922	2,303	-	2,812
FGTS	1,744	2,203	-	-
ISS	-	23	803	179
	2,814	4,764	30,955	46,536

14. DEFERRED INCOME

As a result of a financial structuring which comprises a specific purpose entity (“SPE”) of its parent company, SPE - Cedro International Ltd. (“Cedro”) was established. The Company transferred to Cedro its 50% ownership interest in its subsidiary Aroeira Educação S.A. (“Aroeira”), which holds 100% of Editora Ática S.A. and Editora Scipione S.A., companies engaged in publishing and printing of school books.

Accordingly, the Company recorded the gain on the transfer of Aroeira as deferred income, in the amount of R$11,070, composed of the sale value of R$99,202 and the investment cost of R$88,132, since its realization, as of December 31, 2004, would depend on future events related to the Company, among which we highlight the following:

a) In the case of Aroeira being sold by Cedro to third parties, and a gain additional to the recorded gain is generated on the transaction, the difference would be attributed to the Company.

b) In certain circumstances, Aroeira could be returned to the Company without additional costs.

In addition, as of December 31, 2004, the Company had other rights and obligations in Aroeira and its subsidiaries.

On May 3, 2005, all rights and obligations, mentioned above, were transferred to its parent company Abril S.A., as described in Note 25.2. Accordingly, the gain of R$11,070 will be recorded in income for 2005.

15. CAPITAL

The Company's capital as of December 31, 2004, held entirely by Brazilian stockholders, is represented by 3,389,035 common and 6,778,068 preferred shares without par value.

The Company's bylaws provide that stockholders are entitled to a minimum dividend of 25% of annual net income, after deduction of the portion allocated to the legal reserve.

Additionally, Law No. 9,249/95 introduced the option of paying interest on capital, calculated based on the TJLP in effect for the period, which may also be considered as part of the mandatory minimum dividend.

16. FINANCIAL INCOME (EXPENSES)

	Company		Consolidated	
	2004	2003	2004	2003
Income:				
Cash investments	4,015	12,696	33,583	54,407
Loans to related parties	37,285	21,868	34,327	42,309
Other	3,602	6,190	4,095	6,958
	44,902	40,754	72,005	103,674
Expenses:				
Loans and financing	(140,840)	(184,157)	(148,949)	(188,117)
Loans from related parties	(29,220)	(25,802)	(28,148)	(13,321)
Taxes on financing	(10,756)	(14,119)	(12,403)	(22,871)
Charges on tax debt refinancing	(18,110)	(33,848)	(20,617)	(37,588)
Discounts granted	(33,219)	(38,819)	(33,219)	(38,819)
Other	(10,346)	(14,434)	(11,046)	(18,835)
	(242,491)	(311,179)	(254,382)	(319,551)
Exchange variations, net	21,375	57,235	(7,886)	(26,782)
Financial expenses, net	(176,214)	(213,190)	(190,263)	(242,659)

17. NONOPERATING INCOME (EXPENSES)

	Company		Consolidated	
	2004	2003	2004	2003
Gain (loss) on disposal of investments, net:				
- UOL Inc. S.A.	-	49,500	-	49,500
- Lab One Systems S.A.	-	(1,576)	-	(1,576)
- Other	(3,703)	-	(3,703)	-
Loss on disposal of property items, net	(250)	(3,060)	(392)	(16,170)
Restructuring costs	-	(17,776)	-	(17,776)
Other	434	(1,578)	460	2,563
	(3,519)	25,510	(3,635)	16,541

18. INCOME TAX

18.1. Taxes on income charged and credited to the provision for income tax for the years ended December 31, 2004 and 2003 are as follows:

	Company		Consolidated	
	2004	2003	2004	2003
Reversal of deferred income tax on revaluations for the year	3,022	4,682	10,598	15,898
Income tax payable for the year	(1,636)	-	(2,510)	(378)
Provision for (reversal of) deferred income tax asset on tax loss carryforwards	(721)	37,831	(721)	37,831
Reversal of deferred income tax on temporary differences	(8,537)	(21,891)	(8,537)	(21,891)
Income and social contribution taxes - PAES	-	(21,597)	-	(21,540)
	(7,872)	(975)	(1,170)	9,920

18.2. The reconciliation of taxes at the official rate to the reported income and social contribution tax credits (debits) for the years ended December 31, 2004 and 2003 is as follows:

	Company		Consolidated	
	2004	2003	2004	2003
Loss before taxes	(13,283)	(93,093)	(19,974)	(104,385)
Official tax rate	34.00%	34.00%	34.00%	34.00%
Income and social contribution taxes benefits	4,516	31,652	6,791	35,491
Equity in subsidiaries and affiliates	(5,110)	(11,901)	3,332	(259)
Reversal of allowance for losses on subsidiaries, net	190	308	-	-
Goodwill amortization	761	(196)	761	(196)
Foreign source income	-	-	(2,463)	(6,496)
Unrealized gains	(3,764)	-	(3,764)	-
Temporary differences	-	-	(66)	3,930
Permanent differences	(3,636)	(6,887)	(3,756)	(7,296)
Option for PAES	-	(21,597)	-	(21,540)
Tax losses not used for recognition of deferred taxes	-	-	(1,345)	(1,956)
Offset of prior years' tax loss carryforwards	-	8,867	117	9,049
Other	(829)	(1,221)	(777)	(807)
Reported income and social contribution tax credits (debits)	(7,872)	(975)	(1,170)	9,920
Effective rate of income and social contribution taxes	(59.26%)	(1.05%)	(5.86%)	9.50%

18.3. The deferred income tax recorded in current and long-term assets is as follows:

	Company		Consolidated	
	2004	2003	2004	2003
Income and social contribution taxes on temporary differences	20,893	29,430	20,893	29,430
Recoverable income and social contribution taxes on tax loss carryforwards	98,985	99,706	98,985	99,706
Total	119,878	129,136	119,878	129,136

18.4. Deferred income tax and recoverable social contribution tax on tax loss carryforwards, recorded in the Company's long-term assets, are recognized based on the expected future recovery, based on projections of results prepared and approved by management, which consider the periods of effective realization, in compliance with CVM Instruction No. 371/02, as follows:

Year	%
2005	3.23%
2006	6.18%
2007	10.52%
2008	16.31%
2009	23.77%
2010	32.59%
2011	7.40%
	100.00%

18.5. For certain subsidiaries, management conservatively opted for not recording income and social contribution taxes assets on tax loss carryforwards and temporary differences.

18.6. Income tax, recorded in long-term liabilities, refers to the balance of taxes related to the revaluations made by the Company and consolidated subsidiaries.

18.7. As of December 31, 2004, the Company and its subsidiaries had tax loss carryforwards available for offset against future taxable income in the amount of R$275,119 (Company), for which a deferred income tax was recorded, and R$287,470 (consolidated).

19. FINANCIAL INSTRUMENTS

The Company and its subsidiaries assessed the carrying values of its assets and liabilities against their market values or fair values, based on available information and valuation methodologies appropriate for each situation. The interpretation of market data regarding the choice of methodology requires considerable judgment and establishment of estimates in order to determine the amount considered reasonable for each situation. Consequently, estimates presented may not necessarily indicate the amounts which could be obtained in the current market. The use of different hypotheses for calculation of market value or fair value may have a significant effect on the amounts obtained. The selection of assets and liabilities discussed in this Note was based on their materiality. Instruments whose values approximate fair value and whose risk evaluation is not significant are not mentioned.

According to their nature, financial instruments may involve known or unknown risks, and the potential of these risks is important, in the best judgment. Accordingly, there may be risks with or without guarantees, depending on circumstantial or legal issues. The principal market risk factors that may affect the Company's business are the following:

a) Credit risk

The customer portfolio of the Company and its subsidiaries is highly dispersed. Through internal controls, the Company and its subsidiaries constantly monitor the accounts receivable level, which limits the risk of delinquent accounts.

b) Exchange rate risk

The Company and its subsidiaries have loans and trade accounts payable denominated in foreign currency. The risk related to these liabilities arises from possible fluctuations in exchange rates, which may increase the balance of these liabilities. Loans and trade accounts payable subject to this risk represent 22.4% of total loans and financing.

The fair values of these transactions do not differ significantly from the carrying amounts stated in the financial statements as of December 31, 2004 and 2003.

c) Interest rate risk

The Company and its subsidiaries have loans and financing in local currency and subject to interest rates linked to indexing units (principally CDI). The risk inherent in these liabilities arises from possible fluctuations in these rates. For some loans, the Company has entered into derivative contracts to hedge against this type of risk. As of December 31, 2003, the fair value of these derivatives presented a devaluation of approximately R$5,600, compared to the carrying amount. As of December 31, 2004, the Company did not have hedge transactions.

In addition to loans and financing, the Company issued private debentures, not convertible into or exchangeable for shares. This liability was contracted at an interest rate linked to the CDI. The related risk arises from a possible increase in the CDI rate.

The fair values of the above transactions do not differ significantly from the carrying amounts stated in the financial statements as of December 31, 2004, except for hedge contracts applicable for December 31, 2003.

d) Contingent risks

Contingent risks are assessed according to their likelihood as probable, possible or remote. Contingent risks considered as probable are recorded in liabilities. Details of these risks are presented in Note 11.

e) Risks on cash investments

The agreed rates reflect usual market conditions as of December 31, 2004 and 2003.

f) Transactions with related parties

The Company's receivable from the related party Abril S.A., arising from the corporate reorganization mentioned in Note 8, is not subject to interest.

Except for loans granted by the Company to the subsidiary Dinap S.A. - Distribuidora Nacional de Publicações and to the related parties Usina do Som Brasil Ltda. and Abril Marcas Ltda., and obtained from the subsidiary Datalistas S.A. and from the related party Editora Caras S.A., which are not subject to interest, other loans granted to or obtained from subsidiaries and related parties are subject to market interest rates.

20. GUARANTEES

The Company has provided guarantees and letters of credit on behalf of subsidiaries and affiliates in the amount of R$12,050.

21. INSURANCE

The policy of Abril S.A. and its subsidiaries, of which the Company is a part, is to maintain insurance coverage for property, plant and equipment and inventories in an amount considered by management to be sufficient to cover the risks involved. As of December 31, 2004, insurance coverage amounts to R$678,097 (consolidated).

22. PENSION PLAN

The Company, its subsidiaries and affiliates are sponsors of a private pension entity, Abrilprev Sociedade de Previdência Privada, whose primary objective is to grant employees retirement benefits in addition to those provided by Government social security. The plan is optional to all employees of the sponsoring entities. Abrilprev operates as a defined contribution plan, and the principal actuarial method used to determine the contribution levels is the capitalization method. The plan cost, borne by both employees and the sponsoring entities, is actuarially determined on an annual basis as a fixed percentage of payroll of the sponsoring entities. Retirement benefits granted are based on the employee's length of service, time of contribution to social security, minimum age, and termination of the employment relationship.

During 2004 contributions made by the Company and its subsidiaries amounted to R$1,689 (Company) and R$1,815 (consolidated), fully recorded in the sponsors' income. The contribution due by the sponsors is 1.027% in 2004 (0.986% in 2003) on payroll of employees who participate in the plan. The position of the plan as of December 31, 2004 and 2003 is as follows:

	2004	2003
Mathematical reserves	181,536	148,318
Funds	6,167	8,195
Other liabilities	429	416
Total liabilities	188,132	156,929
(-) Total assets	(188,132)	(156,929)

23. ABRIL HEALTH CARE PLAN

The Company and its subsidiaries participate in the Abril Health Care Plan, which was created to provide health care to employees and their dependents. Both the Abril Group companies and their employees contribute monthly to Associação Abril de Benefícios, the entity which manages the plan. During the years, contributions made by the Company and its subsidiaries amounted to R$10,861 (Company) and R$12,422 (consolidated) in 2004 and R$11,978 (Company) and R$13,540 (consolidated) in 2003.

24. FINANCIAL SITUATION

Management's plans to maintain the Company's economic and financial balance consider the improvement of operating cash generation, including a program for an additional cost reduction effort, realignment of its parent company's corporate structure, with the sale of interests in nonstrategic assets and discontinuance of noncompetitive businesses and, as described in Note 25.1., change in the Company's debt profile.

The economic and financial projections of the Company's performance suggest an improvement of financial indicators - decrease in financial leverage and increase in interest coverage ratio - aligned with a possible increase in nominal demand for liquidity loans in 2006 and 2007. The Company's management is endeavoring to mitigate the risk of refinancing by means of the projects in course. These projects may result in additional funds, arising either from equity interest transactions, or from issuance of long-term debt notes. The success of one of these projects would reverse the observed trend, considerably decreasing the need for advance liquidity and, cumulatively, reducing the debt level.

In addition, with the funds generated by operations described in Note 7.3.(a) and in Note 14, the Company settled the short-term debts to financial institutions in the amount of R$99,561. This fact, and the capital contribution in the Company's parent company Abril S.A., in the amount of R$151,473, by means of entry of new stockholders that started holding 13.8% of its capital, contributed to an improvement of cash flow in Abril S.A. and its subsidiaries, of which the Company is a part.

The Company has intercompany loans and receivables in the amount R$659,584, classified in long-term assets. The Company's management understands that the realization of these balances is contingent upon the conclusion of the corporate reorganization. Management does not expect losses on the realization of these receivables.

25 SUBSEQUENT EVENTS

25.1. Loans, financing and debentures

On April 20, 2005, the Company signed, with certain creditors, the definitive contracts related to the amendments to the Company's debt terms ("rescheduling"). The basic terms of the rescheduling were preliminarily defined by the parties on November 24, 2004, upon the signature of the corresponding term sheet. The various debt instruments subject to rescheduling also include 3,000 debentures, not convertible into shares, of the Company's first issue. The total amount of the Company's debt subject to rescheduling is R$456,134 as of December 31, 2004 (approximately R$485.9 million as of April 20, 2005).

Concurrently with the rescheduling, the Company and its subsidiary Dinap S.A. - Distribuidora Nacional de Publicações, also on April 20, 2005, rescheduled, by means of contracts of acknowledgment and consolidation of debt, a series of short-term loans due to a local financial institution in the amount of R$25,437 (Company) and R$35,483 (consolidated) as of December 31, 2004 (approximately R$39 million as of April 20, 2005).

The Company's management understands that the definitive contracts related to the rescheduling contain terms and conditions similar to those usually contracted for transactions of the same nature.

No form of reduction of the nominal amount of the debt principal was included in the above renegotiations. However, the borrowers - Editora Abril and Dinap - benefited from interest rates lower than the ones included in the original contracts.

These renegotiations are part of the Company's financial strategy of reducing the debt level and adjusting its debt profile to its cash generation and amortization capacity.

The main conditions of these renegotiated contracts are mentioned in Notes 10.1. and 10.2.

25.2. Specific purpose entity

Continuing with the financial structuring process, on May 3, 2005 the Company, by means of amendments to the contracts of March 1, 2004, transferred to its parent company Abril S.A. the existing risks, benefits and controls related to SPE, Cedro International Ltd.

EDITORA Abril

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SUPPLEMENTAL INFORMATION TO THE FINANCIAL STATEMENTS: STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Amounts in thousands of Brazilian reais - R$)

	Company		Consolidated	
	2004	2003	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	(21,155)	(94,068)	(21,155)	(94,068)
Items not affecting cash:				
Depreciation and amortization	23,493	24,144	66,173	76,293
Capital loss in subsidaries and affiliates	695	1,736	695	-
Goodwill amortization	-	577	-	577
Equity in subsidaries and affiliates	15,028	35,004	(9,801)	762
Reversal of allowance for losses on subsidiaries' operations	(559)	(906)	-	-
Reversal of allowance for doubtful accounts	(989)	(490)	(1,000)	(5,944)
Allowance for loan losses	10,452	-	10,452	-
Disposal of property, plant and equipment, net	61	11,168	214	25,479
Write-off of deferred charges, net	-	35	53	-
Deferred income tax	6,236	(20,621)	(1,340)	(31,837)
Minority interest	-	-	11	(397)
Interest and exchange variation, net	113,339	148,582	133,554	171,411
Nonrecurring expenses - PAES	-	39,681	-	43,535
	146,601	144,842	177,856	185,811
Changes in assets and liabilities:				
Trade accounts receivable	(29,609)	(22,416)	(36,383)	(28,741)
Inventories	(10,820)	4,842	(15,247)	4,677
Recoverable taxes	820	(1,287)	509	2,206
Advances to suppliers and others	(6,043)	(3,614)	(6,084)	(3,851)
Escrow and compulsory deposits	(3,872)	3,998	(4,060)	3,974
Other receivables	(1,674)	(6,888)	(1,674)	(6,888)
Trade accounts payable	(16,953)	(2,002)	(16,999)	(78,562)
Payroll and related charges	(4,388)	4,225	(4,376)	5,294
Income and social contribution taxes	1,636	-	2,134	(2,868)
Other taxes payable	1,047	1,711	708	(1,528)
Advances from customers	31,160	60,206	30,406	14,556
Other payables	(6,838)	44,699	(7,859)	91,543
Reserve for tax contingencies and other	(7,525)	(91,357)	(6,850)	(104,834)
Tax debt refinancing - PAES and taxes in installments	13,530	164,433	5,942	191,009
Magazine subscriptions	5,186	9,333	5,099	9,064
Deferred income	(1,824)	(6,185)	(903)	(6,185)
CASH PROVIDED BY OPERATING ACTIVITIES	**110,434**	**304,540**	**122,219**	**274,677**

(Continues)

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SUPPLEMENTAL INFORMATIION TO THE FINANCIAL STATEMENTS: STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

(Amounts in thousands of Brazilian reais - R$)

(Continuation)

	Company		Consolidated	
	2004	**2003**	**2004**	**2003**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Additions:				
Property, plant and equipment	(51,115)	(32,207)	(54,102)	(35,859)
Deferred charges	-	(385)	(5)	(384)
Permanent assets	-	(16,088)	-	(14,369)
Amount of transfer of Aroeira Participações S.A.	99,202	-	99,202	-
Minority interest	-	-	-	416
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**48,087**	**(48,680)**	**45,095**	**(50,196)**
CASH FLOW FROM FINANCING ACTIVITIES:				
Loans from stockholders	-	(802)	-	(802)
Bank loans and financing	1,458,719	769,777	1,715,991	1,027,808
Payment of bank loans and financing	(1.617.026)	(878)	(1.880.080)	(1.105.675)
Payments of provision for tax debt refinancing - PAES and taxes in installments	(51,324)	(70,416)	(53,670)	(74,519)
Receipts (payments) of receivables from related parties	41,531	(61,470)	40,130	(55,601)
CASH USED IN FINANCING ACTIVITIES	**(168,100)**	**(240,964)**	**(177,629)**	**(208,789)**
INCREASE (DECREASE) IN CASH, BANKS AND CASH INVESTMENTS	**(9,579)**	**14,896**	**(10,315)**	**15,692**
(+) Beginning balance	**18,271**	**3,375**	**19,954**	**4,262**
(=) Ending balance	**8,692**	**18,271**	**9,639**	**19,954**
NET CHANGE IN CASH, BANKS AND CASH INVESTMENTS	**(9,579)**	**14,896**	**(10,315)**	**15,692**

BOARD OF DIRECTORS

ROBERTO CIVITA
Chairman

GIANCARLO FRANCESCO CIVITA
Board Member

THOMAZ SOUTO CORRÊA NETTO
Board Member

EXECUTIVE OFFICERS

MAURIZIO MAURO
President

DEBORAH PATRICIA WRIGHT
Director

EMÍLIO HUMBERTO CARAZZAI SOBRINHO
Finance and Investor Relations Director

JOSÉ WILSON ARMANI PASCHOAL
Director

VALTER PASQUINI
Director

MANOEL BIZARRIA GUILHERME NETO
Chief Accountant
TC- CRC - 1SP 081.886/O-6

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPEDENT AUDITORS' REPORT

To the Stockholders and Management of
Editora Abril S.A.
São Paulo - SP

1. We have audited the accompanying individual (Company) and consolidated balance sheets of Editora Abril S.A. and subsidiaries as of December 31, 2004 and 2003, and the related statements of operations, changes in stockholders' deficit, and changes in financial position for the years then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Company and its subsidiaries, (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed, and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the financial position of Editora Abril S.A. and subsidaries as of December 31, 2004 and 2003, and the results of their operations, the changes in stockholders' deficit, and the changes in their financial positions for the years then ended in conformity with Brazilian accounting practices.

4. The supplemental information to the financial statements, referring to the individual and consolidated statements of cash flows of Editora Abril S.A. and subsidiaries for the years ended December 31, 2004 and 2003, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subject to the auditing procedures mentioned in paragraph 2 and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

5. As mentioned in Note 24, the Company has intercompany receivables and loans in the amount of R$659,584,000, whose realization is contingent upon the conclusion of the corporate reorganization, currently in progress.

6. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, May 3, 2005

DELOITTE TOUCHE TOHMATSU Auditores Independentes	Marco Antonio Brandão Simurro Engagement Partner