



GRUPO CLARÍN S.A.

Annual Report and Consolidated Financial Statements

For the year ended December 31, 2016,
presented on a comparative basis

English free translation of the Financial Statements and Reports originally issued in Spanish.

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

GRUPO CLARÍN S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 PRESENTED ON A COMPARATIVE BASIS

GLOSSARY OF SELECTED TERMS

ADIRA	Association of Provincial Newspapers of the Republic of Argentina
AEDBA	Association of Newspaper Publishers of the City of Buenos Aires
AFA	<i>Asociación del Fútbol Argentino</i> (Argentine Football Association)
.....	
AFIP	<i>Administración Federal de Ingresos Públicos</i> (Argentine Federal Revenue Service)
AFSCA	<i>Autoridad Federal de Servicios de Comunicación Audiovisual</i> (Audiovisual Communication Services Law Federal Enforcement Authority)
AGEA	Arte Gráfico Editorial Argentino S.A.
.....	
AGR	Artes Gráficas Rioplatense S.A.
.....	
ANA	<i>Administración Nacional de Aduanas</i> (National Customs Administration)
APE	<i>Acuerdo preventivo extrajudicial</i> (pre-packaged insolvency plan)
ARPA	Association of Argentine Private Broadcasters
ARTEAR.....	Arte Radiotelevisivo Argentino S.A.
Auto Sports.....	Auto Sports S.A. (now Carburando S.A.)
Bariloche TV.....	Bariloche TV S.A.
BCBA	Bolsa de Comercio de Buenos Aires (Buenos Aires Stock Exchange).
Cablevisión.....	Cablevisión S.A.
Canal Rural	Canal Rural Satelital S.A.
.....	<i>Coefficiente de Estabilización de Referencia</i> (Reference Stabilization Coefficient, a consumer price inflation coefficient)
CER.....	
CIMECO.....	Compañía Inversora en Medios de Comunicación (CIMECO) S.A.
.....	
CLC	Compañía Latinoamericana de Cable S.A.
CMD	Compañía de Medios Digitales (CMD) S.A. (former PRIMA Internacional)
.....	
CMI.....	Comercializadora de Medios del Interior S.A.
.....	
CNDC.....	<i>Comisión Nacional de Defensa de la Competencia</i> (National Antitrust Commission);
CNV.....	<i>Comisión Nacional de Valores</i> (Argentine Securities Commission)
CPCECABA	<i>Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires</i> (Professional Council in Economic Sciences of the City of Buenos Aires)
.....	
COMFER.....	<i>Comité Federal de Radiodifusión</i> (Federal Broadcasting Committee)
CSJN.....	Supreme Court of Argentina
CUSPIDE	Cúspide Libros S.A.
CVB.....	CV B Holding S.A.
Dinero Mail	Dinero Mail LLC
Adjusted EBITDA	Revenues less cost of sales and selling and administrative expenses (excluding depreciation and amortization). Additionally, the segment "Cable Television and Internet Access" includes adjustments related to the recognition of revenues from installation services and transactions including separate items and the non-consolidation of special purpose entities.
.....	
Editorial Atlántida	Editorial Atlántida S.A.
.....	<i>Federación Argentina de Consejos Profesionales de Ciencias Económicas</i> (Argentine Federation of Professional Councils in Economic Sciences)
FACPCE.....	<i>Fundación de Automovilismo Deportivo de la República Argentina</i> (Argentine Motor Racing Foundation)
FADRA.....	
Fintech	Fintech Advisory, Inc. together with its affiliates
GCGC	GC Gestión Compartida S.A.
GCSA Investments	GCSA Investments, LLC
GC Minor.....	GC Minor S.A.

Signed for identification purposes
with the report dated March 10, 2017See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

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GC Services	Grupo Clarín Services, LLC
GDS	Global Depository Shares
Grupo Carburando	Carburando S.A.P.I.C.A.F.I., Mundo Show S.A. and Mundo Show TV S.A.
Grupo Clarín, or the Company	Grupo Clarín S.A.
Grupo Radio Noticias	Grupo Radio Noticias S.R.L.
Holding Teledigital.....	Holding Teledigital Cable S.A.
IASB	International Accounting Standards Board
Ideas del Sur	Ideas del Sur S.A.
IESA	Inversora de Eventos S.A.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IGJ.....	<i>Inspección General de Justicia</i> (Argentine Superintendency of Legal Entities)
Impripost	Impripost Tecnologías S.A.
VAT	Value Added Tax
La Razón.....	Editorial La Razón S.A.
La Capital Cable	La Capital Cable S.A.
Antitrust Law	Law No. 25,156, as amended
Broadcasting Law.....	Law No. 22,285 and its regulations
Audiovisual Communication Services Law.....	Law No. 26,522 and its regulations
LSE	London Stock Exchange
Multicanal	Multicanal S.A.
IAS	International Accounting Standards
NCP ARG.....	Argentine Professional Accounting Standards, except for Technical Resolutions No. 26 and 29 which adopt IFRS.
OSA.....	Oportunidades S.A.
Papel Prensa.....	Papel Prensa S.A.I.C.F. y de M.
Patagonik	Patagonik Film Group S.A.
Pol-Ka	Pol-Ka Producciones S.A.
PRIMA.....	Primera Red Interactiva de Medios Argentinos (PRIMA) S.A.
PRIMA Internacional	Primera Red Interactiva de Medios Americanos (PRIMA) Internacional S.A. (now CMD)
NEXTEL	NEXTEL Communications Argentina S.R.L.
Radio Mitre.....	Radio Mitre S.A.
SCI	<i>Secretaría de Comercio Interior</i> (Secretariat of Domestic Trade)
SECOM	<i>Secretaría de Comunicaciones</i> (Argentine Secretariat of Communications)
SHOSA.....	Southtel Holdings S.A.
SMC	<i>Secretaría de Medios de Comunicación</i> (Media Secretariat)
Supercanal	Supercanal Holding S.A.
TATC	Tres Arroyos Televisora Color S.A.
TCM	TC Marketing S.A.
Telba	Teledifusora Bahiense S.A.
Telecor	Telecor S.A.C.I.
Teledigital.....	Teledigital Cable S.A.
TFN	Tribunal Fiscal de la Nación (National Tax Court)
Tinta Fresca	Tinta Fresca Ediciones S.A.
TPO.....	Televisora Privada del Oeste S.A.
TRISA.....	Tele Red Imagen S.A.
TSC	Televisión Satelital Codificada S.A.
TSMA	Teledifusora San Miguel Arcángel S.A.
UNIR	Unir S.A.
Vistone	Vistone S.A.
VLG	VLG Argentina, LLC

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GRUPO CLARÍN S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 PRESENTED ON A COMPARATIVE BASIS

In Argentine Pesos (Ps.) – Notes 2.1 and 2.12 to the consolidated financial statements and Notes 2.1 and 2.8 to the parent company only financial statements.

Registered office: Piedras 1743, Buenos Aires, Argentina

Main corporate business: Investing and financing

Date of incorporation: July 16, 1999

Date of registration with the Public Registry of Commerce:

- Of the by-laws: August 30, 1999

- Of the latest amendment: October 10, 2007

Registration number with the IGJ: 1,669,733

Expiration of articles of incorporation: August 29, 2098

Information on Parent company:

Name: GC Dominio S.A.

Registered office: Piedras 1743, Buenos Aires, Argentina

Information on the subsidiaries in Note 2.4 to the consolidated financial statements and Note 4.3 to the parent company only financial statements.

CAPITAL STRUCTURE

Type	Number of votes per share	Subscribed, registered and paid-in capital
Class "A" Common shares, with nominal value of Ps. 1	5	75,980,304
Class "B" Common shares, with nominal value of Ps. 1	1	186,281,411
Class "C" Common shares, with nominal value of Ps. 1	1	25,156,869
Total as of December 31, 2016		<u>287,418,584</u>
Total as of December 31, 2015		<u>287,418,584</u>

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C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

(Partner)

ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

GRUPO CLARÍN S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 In Argentine Pesos (Ps.)

	Notes	December 31, 2016	December 31, 2015
Revenues	6.1	11,378,887,347	8,291,992,388
Cost of Sales (1)	6.2	<u>(7,003,551,922)</u>	<u>(4,926,694,896)</u>
Subtotal - Gross Profit		4,375,335,425	3,365,297,492
Selling Expenses (1)	6.3	(1,728,968,802)	(1,202,643,174)
Administrative Expenses (1)	6.3	(1,864,144,211)	(1,228,754,283)
Other Income and Expenses, net	6.6	55,465,753	98,222,054
Financial Costs	6.4	(267,623,007)	(150,123,485)
Other Financial Results, net	6.5	<u>(130,553,073)</u>	<u>19,155,581</u>
Financial Results		(398,176,080)	(130,967,904)
Equity in Earnings from Affiliates and Subsidiaries	5.4	<u>48,725,499</u>	<u>61,298,581</u>
Income before Income Tax and Tax on Assets		488,237,584	962,452,766
Income Tax and Tax on Assets	7	<u>(264,157,883)</u>	<u>(354,574,614)</u>
Income for the period from continuing operations		224,079,701	607,878,152
Discontinued Operations			
Net Income from Discontinued Operations	13	<u>3,955,531,485</u>	<u>2,308,032,329</u>
Net Income for the Year		<u><u>4,179,611,186</u></u>	<u><u>2,915,910,481</u></u>
Other Comprehensive Income			
Items which may be reclassified to net income			
Variation in Translation Differences of Foreign Operations from Continuing Operations		8,803,638	19,342,907
Variation in Translation Differences of Foreign Operations from Discontinued Operations		<u>422,449,177</u>	<u>146,569,000</u>
Other Comprehensive Income for the Year		<u>431,252,815</u>	<u>165,911,907</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>4,610,864,001</u></u>	<u><u>3,081,822,388</u></u>
Profit Attributable to:			
Shareholders of the Parent Company		2,530,041,832	1,884,929,369
Non-Controlling Interests		1,649,569,354	1,030,981,112
Total Comprehensive Income Attributable to:			
Shareholders of the Parent Company		2,748,667,739	2,003,372,380
Non-Controlling Interests		1,862,196,262	1,078,450,008
Basic and Diluted Earnings per Share from Continuing Operations		0.82	2.02
Basic and Diluted Earnings per Share from Discontinued Operations		7.98	4.54
Basic and Diluted Earnings per Share - Total		8.80	6.56

⁽¹⁾Includes amortization of intangible assets and film library, and depreciation of property, plant and equipment in the amount of Ps. 183,484,509 and Ps. 132,219,465 for the years ended December 31, 2016 and 2015, respectively.

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

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(Partner)
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C.P.C.E.C.A.B.A. Vol. 150 Fol. 106

ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

GRUPO CLARÍN S.A.
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2016 AND 2015
 In Argentine Pesos (Ps.)

	Notes	December 31, 2016	December 31, 2015
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	5.1	780,775,774	9,026,866,357
Intangible Assets	5.2	221,713,090	258,146,566
Goodwill	5.3	270,923,529	2,907,928,844
Deferred Tax Assets	7	532,896,812	374,890,670
Investment in Unconsolidated Affiliates	5.4	368,314,257	1,721,354,821
Other Investments	5.5	7,412,878	458,789,781
Inventories	5.6	15,805,039	23,626,229
Other Assets	5.7	2,122,552	2,627,301
Other Receivables	5.8	159,206,993	1,389,317,682
Trade Receivables	5.9	99,857,137	82,905,052
Total Non-Current Assets		2,459,028,061	16,246,453,303
CURRENT ASSETS			
Inventories	5.6	901,013,829	490,692,852
Other Assets	5.7	11,838,743	11,456,124
Other Receivables	5.8	486,550,805	949,442,104
Trade Receivables	5.9	3,582,782,739	3,790,626,735
Other Investments	5.5	328,346,695	1,186,552,013
Cash and Banks	5.10	416,006,084	2,025,780,934
Total Current Assets		5,726,538,895	8,454,550,762
Assets Held for Distribution to Shareholders	13	28,082,220,838	-
Total Assets		36,267,787,794	24,701,004,065
EQUITY (as per the corresponding statement)			
Attributable to Shareholders of the Parent Company			
Shareholders' Contributions		2,010,638,503	2,010,638,503
Other Items		755,638,189	592,243,638
Accumulated Income		6,860,110,364	4,630,068,532
Total Attributable to Shareholders of the Parent Company		9,626,387,056	7,232,950,673
Attributable to Non-Controlling Interests		4,416,373,963	3,175,288,997
Total Shareholders' Equity		14,042,761,019	10,408,239,670
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions and Other	5.11	228,252,293	432,475,314
Debt	5.12	469,172,621	4,033,351,896
Deferred Tax Liabilities	7	209,849	-
Taxes Payable	5.14	59,188,405	90,524,218
Other Liabilities	5.15	61,662,068	142,185,237
Trade Payables and Other	5.16	27,347,968	19,557,018
Total Non-Current Liabilities		845,833,204	4,718,093,683
CURRENT LIABILITIES			
Debt	5.12	339,731,089	2,901,737,366
Seller Financings	5.13	14,256,467	1,874,191
Taxes Payable	5.14	296,868,894	1,152,994,701
Other Liabilities	5.15	508,464,913	465,161,856
Trade Payables and Other	5.16	2,958,209,807	5,052,902,598
Total Current Liabilities		4,117,531,170	9,574,670,712
Liabilities Held for Distribution to Shareholders	13	17,261,662,401	-
Total Liabilities		22,225,026,775	14,292,764,395
Total Equity and Liabilities		36,267,787,794	24,701,004,065

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GRUPO CLARÍN S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
In Argentine Pesos (Ps.)

	Equity attributable to Shareholders of the Parent Company											
	Shareholders' Contributions				Other Items		Accumulated Income			Total Equity of Controlling Interests	Equity Attributable to Non-Controlling Interests	Total Equity
	Capital Stock	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Subtotal	Translation of Foreign Operations	Other Reserves	Legal Reserve	Optional reserves (1)	Retained Earnings			
Balances as of January 1 st 2015	287,418,584	309,885,253	1,413,334,666	2,010,638,503	477,454,394	(209,686)	119,460,767	2,071,576,709	804,101,687	5,483,022,374	2,282,464,286	7,765,486,660
Set-up of reserves	-	-	-	-	-	-	-	554,101,687	(554,101,687)	-	-	-
Dividend Distribution	-	-	-	-	-	-	-	-	(250,000,000)	(250,000,000)	-	(250,000,000)
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(185,625,297)	(185,625,297)
Changes in Reserves for Acquisition of Investments	-	-	-	-	-	(3,444,081)	-	-	-	(3,444,081)	-	(3,444,081)
Net Income for the Year	-	-	-	-	-	-	-	-	1,884,929,369	1,884,929,369	1,030,981,112	2,915,910,481
Other Comprehensive Income:												
Variation in Translation Differences of Foreign Operations	-	-	-	-	118,443,011	-	-	-	-	118,443,011	47,468,896	165,911,907
Balances as of December 31, 2015	<u>287,418,584</u>	<u>309,885,253</u>	<u>1,413,334,666</u>	<u>2,010,638,503</u>	<u>595,897,405</u>	<u>(3,653,767)</u>	<u>119,460,767</u>	<u>2,625,678,396</u>	<u>1,884,929,369</u>	<u>7,232,950,673</u>	<u>3,175,288,997</u>	<u>10,408,239,670</u>
Set-up of Reserves (Note 14)	-	-	-	-	-	-	-	1,584,929,369	(1,584,929,369)	-	-	-
Dividend Distribution	-	-	-	-	-	-	-	-	(300,000,000)	(300,000,000)	-	(300,000,000)
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(621,111,296)	(621,111,296)
Changes in Reserves for Acquisition of Investments	-	-	-	-	-	(55,231,356)	-	-	-	(55,231,356)	-	(55,231,356)
Net Income for the Year	-	-	-	-	-	-	-	-	2,530,041,832	2,530,041,832	1,649,569,354	4,179,611,186
Other Comprehensive Income:												
Variation in Translation Differences of Foreign Operations	-	-	-	-	218,625,907	-	-	-	-	218,625,907	212,626,908	431,252,815
Balances as of December 31, 2016	<u>287,418,584</u>	<u>309,885,253</u>	<u>1,413,334,666</u>	<u>2,010,638,503</u>	<u>814,523,312</u>	<u>(58,885,123)</u>	<u>119,460,767</u>	<u>4,210,607,765</u>	<u>2,530,041,832</u>	<u>9,626,387,056</u>	<u>4,416,373,963</u>	<u>14,042,761,019</u>

(1) Broken down as follows: (i) Optional reserve for future dividends of Ps. 1,884,929,369; (ii) Judicial reserve for future dividend distribution of Ps. 387,028,756, (iii) Optional reserve for illiquidity of results of Ps. 694,371,899, and (iv) Optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law of Ps. 1,244,277,741.

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GRUPO CLARÍN S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 In Argentine Pesos (Ps.)

	December 31, 2016	December 31, 2015
CASH PROVIDED BY OPERATING ACTIVITIES		
Net Income for the Year	4,179,611,186	2,915,910,481
Income Tax and Tax on Assets	264,157,883	354,574,614
Accrued Interest, net	183,031,249	138,146,998
Adjustments to reconcile net income for the year to cash provided by operating activities:		
Depreciation of Property, Plant and Equipment	118,227,554	85,290,931
Amortization of Intangible Assets and Film Library	65,256,955	46,928,534
Net allowances	159,793,058	82,658,340
Financial Income, except interest	(68,031,076)	(243,855,707)
Equity in Earnings from Affiliates and Subsidiaries	(48,725,499)	(61,298,581)
Other Income and Expenses	(11,052,911)	11,377,021
Net Income from Discontinued Operations	(3,955,531,485)	(2,308,032,329)
Changes in Assets and Liabilities:		
Trade Receivables	(983,842,991)	(640,769,704)
Other Receivables	(63,198,167)	(108,973,297)
Inventories	(414,465,667)	(202,683,352)
Other Assets	(631,805)	(3,623,522)
Trade Payables and Other	442,781,306	573,251,146
Taxes Payable	(39,095,491)	(54,440,597)
Other Liabilities	221,036,747	67,334,101
Provisions	(67,620,230)	(41,651,137)
Income Tax and Tax on Assets Payments	(446,226,374)	(218,835,839)
Net Cash Flows Provided by Discontinued Operating Activities	9,967,706,300	6,236,946,107
Net Cash Flows Provided by Operating Activities	9,503,180,542	6,605,500,166
CASH PROVIDED BY INVESTMENT ACTIVITIES		
Acquisition of Property, Plant and Equipment, net	(311,359,194)	(133,952,733)
Acquisition of Intangible Assets	(144,909,009)	(78,124,630)
Payments for Acquisition of Subsidiaries, Net of Cash Acquired and Contributions in Associates	(17,992,376)	(18,098,189)
Proceeds from Sale of Property, Plant and Equipment	36,987,689	15,193,293
Dividends collected	35,625,464	44,409,345
Transactions with Securities, Bonds and Other Financial Instruments, Net	15,722,985	110,024,900
Collections of Certificates of Deposit	10,199,505	39,873,227
Net Cash Flows used in Discontinued Investment Activities	(11,042,912,576)	(5,586,586,087)
Net Cash Flows used in Investment Activities	(11,418,637,512)	(5,607,260,874)
CASH PROVIDED BY FINANCING ACTIVITIES		
Loans Obtained	1,232,757,451	255,509,948
Repayment of Loans and Issue Expenses	(755,903,702)	(315,283,610)
Payment of Interest	(177,912,086)	(92,296,911)
Collections (Settlement) on Derivatives	59,303,370	7,996,820
Payment of Dividends	(300,000,000)	(250,000,000)
Payments to Non-Controlling Interests, net	(14,501,085)	(12,060,149)
Net Cash Flows used in Discontinued Financing Activities	(532,001,955)	(479,333,226)
Net Cash Flows used in Financing Activities	(488,258,007)	(885,467,128)
FINANCING RESULTS GENERATED BY CASH AND CASH EQUIVALENTS FOR CONTINUING OPERATIONS	89,775,694	93,506,077
FINANCING RESULTS GENERATED BY CASH AND CASH EQUIVALENTS FOR DISCONTINUED OPERATIONS	905,840,410	754,306,411
FINANCING RESULTS GENERATED BY CASH AND CASH EQUIVALENTS	995,616,104	847,812,488
(Decrease) / Increase in cash flow, net	(1,408,098,873)	960,584,652
Cash and Cash Equivalents at the Beginning of the Year (Note 2.25)	2,705,563,078	1,717,383,640
Effect of Consolidation of Companies	2,053,223,080	27,594,786
Cash and Cash Equivalents at the Closing of the Year (Note 2.25)	3,350,687,285	2,705,563,078

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

Signed for identification purposes
with the report dated March 10, 2017See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory CommitteeC.P.C.E.C.A.B.A. Vol. 1 Fol. 17
Dr. Carlos A. Pace
Certified Public Accountant (U.B.A.)
C.P.C.E.C.A.B.A. Vol. 150 Fol. 106ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

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GRUPO CLARÍN S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016,
PRESENTED ON A COMPARATIVE BASIS
In Argentine Pesos (Ps.)

NOTE 1 – GENERAL INFORMATION

Grupo Clarín is a holding company that operates in the Media industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

Its operations include cable television and Internet access services, newspaper and other printing, publishing and advertising activities, broadcast television, radio operations and television content production, on-line and new media services, and other media related activities. A substantial portion of its revenues is generated in Argentina. Through its subsidiaries, it is engaged primarily in the following business segments:

- **Cable Television and Internet Access**, consisting of the largest cable network in Latin America in terms of subscribers, operated by its subsidiary Cablevisión (surviving company after its merger with Multicanal and Teledigital), with operations in Argentina and neighboring countries. This company also provides high-speed Internet access under the brands Fibertel and Flash.
- **Printing and Publishing**, consisting of national and regional newspapers, a sports daily, magazine publishing, editing and distribution, and commercial printing. Diario Clarín, the flagship national newspaper, is the newspaper with the second largest circulation in the Spanish-speaking world. The sports daily Olé is the only newspaper of its kind in the Argentine market. The newspaper La Razón is the first ever free newspaper in Argentina. The children's magazine Genios is the children's magazine with the highest circulation in Argentina. AGR is its printing company.
- **Broadcasting and Programming**, consisting of Canal 13, one of the two broadcast television stations with the highest audience share in Argentina, AM (Amplitude Modulation) /FM (Frequency Modulation) radio broadcast stations (Radio Mitre and La 100), and the production of television, film and radio programming content, including cable television signals and organization and broadcasting of sporting events.
- **Digital Content and Other**, consisting mainly of digital and Internet content, on-line classified ads and horizontal portals as well as its subsidiary GCGC, its shared service center.

Note 25 to these Consolidated Financial Statements describes the current merger-spin-off process of the Company and certain subsidiaries.

These consolidated financial statements present the financial position, the results of operations, the changes in equity and cash flows corresponding to the balances to be spun off to the new company, as provided under IFRS. See Notes 2.24 and 13.

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NOTE 2 - BASIS FOR THE PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS.

2.1 Basis for the preparation

Pursuant to General Resolution No. 562 issued on December 29, 2009, entitled “Adoption of International Financial Reporting Standards” and General Resolution No. 576/10, the CNV provided for the application of Technical Resolutions No. 26 and 29 issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE, for its Spanish acronym). Since the Company is subject to the public offering regime governed by Law No. 26,831, it is required to apply such standards as from the year beginning January 1st, 2012. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

These consolidated financial statements of Grupo Clarín for the year ended December 31, 2016, presented on a comparative basis, have been prepared in accordance with IFRS. Certain additional matters were included as required by the Argentine Business Associations Law and/or CNV regulations, including the supplementary information provided under the last paragraph of Section 1, Chapter III, Title IV of General Resolution No. 622/13. That information is included in the Notes to these consolidated financial statements, as provided under IFRS and CNV rules.

These consolidated financial statements have been prepared based on historical cost except for the valuation of financial instruments (see Note 2.21). In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

IAS 29 “Financial Reporting in Hyperinflationary Economies” (“IAS 29”) requires that the financial statements of an entity that reports in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet closing date of the reporting period and details a series of factors that may indicate that an economy is hyperinflationary. Based on the guidelines of IAS 29, there is not enough evidence to conclude that Argentina was a hyperinflationary economy in 2016 and, therefore, the Company did not apply the restatement criteria to the financial information for the years reported as established under IAS 29.

Certain figures reported in the financial statements presented on a comparative basis were reclassified in order to maintain the consistency in the disclosure of the figures corresponding to this year.

The attached consolidated information, approved by the Board of Directors in the meeting held on March 10, 2017, is presented in Argentine Pesos (Ps.), the Argentine legal tender, and arises from accounting records kept by Grupo Clarín S.A. and its subsidiaries.

2.2 Standards and Interpretations issued but not adopted to date

The Company has not adopted IFRS or revisions of IFRS issued as per the detail below, since their application is not required for the year ended December 31, 2016:

- IFRS 9 Financial Instruments: issued in November 2009 and amended in October 2010 and July 2014. IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities and for their derecognition. This standard is applicable to years beginning on or after January 1st, 2018.

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- IFRS 15 "Revenue from contracts with customers": issued in May 2014 and applicable to fiscal years beginning on or after January 1, 2018. This standard specifies how and when revenue will be recognized, as well as the additional information to be disclosed by the Company in the financial statements. It provides a single, principles based five-step model to be applied to all contracts with customers.

- IFRS 16 "Leases": issued in January 2016 and applicable to fiscal years beginning on or after January 1, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases.

As of the date of these financial statements, the Company cannot estimate its quantitative impact because it is analyzing the corresponding accounting effects.

2.3. Standards and Interpretations issued and adopted to date

As of the date of these consolidated financial statements, no new regulations have been issued that may be applicable to the Company for this year.

2.4 Basis for Consolidation

These consolidated financial statements incorporate the financial statements of the Company and of the subsidiaries and joint ventures ("Interests in Joint Operations", Note 2.7) controlled by the Company. Control is presumed to exist when the Company has a right to variable returns from its interest in a subsidiary and has the ability to affect those returns through its power over the subsidiary. This power is presumed to exist when evidenced by the votes, be it that the Company has the majority of voting rights or potential rights currently exercised. The subsidiaries are consolidated from the date on which the Company assumes control over them and are excluded from consolidation on the date control ceases. Additionally, these consolidated financial statements incorporate the companies mentioned in 2.4.1.

For consolidation purposes, the intercompany transactions and the balances between the Company and the consolidated companies have been eliminated. Unrealized income has also been eliminated.

Below is a detail of the most relevant consolidated subsidiaries, together with the interest percentages held directly or indirectly in each subsidiary's capital stock and votes, as of each date indicated below:

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Companies	Direct or Indirect Interest in the Capital Stock and Votes (%)	
	December 31, 2016	December 31, 2015
Cablevisión ^{(1) (3)}	60.0%	60.0%
NEXTEL ⁽³⁾	60.0%	-
PRIMA ^{(3) (4)}	-	60.0%
AGEA	100.0%	100.0%
AGR	100.0%	100.0%
CIMECO	100.0%	100.0%
ARTEAR ⁽²⁾	99.3%	99.2%
Pol-Ka	54.6%	54.6%
IESA	100.0%	100.0%
Radio Mitre	100.0%	100.0%
GCGC	100.0%	100.0%
CMD	100.0%	100.0%
GC Services	100.0%	100.0%
GCSA Investments	100.0%	100.0%

⁽¹⁾ Includes Multicanal and Teledigital, which were merged into Cablevisión effective as of October 1, 2008.

⁽²⁾ Interest in votes amounts to 99.7%.

⁽³⁾ See Note 13.

⁽⁴⁾ This company was merged into Cablevisión effective as of October 1, 2016.

The subsidiaries' financial statements used for consolidation purposes bear the same closing date as these consolidated financial statements, comprise the same periods and have been prepared under exactly the same accounting policies as those used by the Company, which are described in the notes to the consolidated financial statements or, as the case may be, adjusted as applicable.

2.4.1 Consolidation of Structured Entities

Cablevisión has executed certain agreements with other companies, for the purposes of rendering on behalf of and by order of such companies certain selling and installation services, collections, administration of subscribers, marketing and technical assistance, financial and general business advising, with respect to cable television and Internet access services in Uruguay. In accordance with IFRS 10 "Consolidated Financial Statements", these consolidated financial statements include the assets, liabilities and results of these companies. Since the Company does not hold an interest in these companies, the offsetting entry of the net effect of the consolidation of the assets, liabilities and results of these companies is disclosed under the items "Equity attributable to non-controlling interests" and "Net Income attributable to non-controlling interests" in these financial statements, as required by IFRS.

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2.4.2 Changes in the Company's Interests in Existing Subsidiaries

The changes in the Company's interests in subsidiaries that do not generate a loss of control are recorded under equity. The book value of the Company's interests and non-controlling interests is adjusted to reflect the changes in the relative interest in the subsidiary. Any difference between the amount for which non-controlling interests were adjusted and the fair value of the consideration paid or received is directly recognized in equity and attributed to the shareholders of the parent company.

In case of loss of control, any residual interest in the issuing company is measured at its fair value at the date on which control was lost, allocating the change in the recorded value with an impact on net income. The fair value is the initial amount recognized for such investments for the purposes of its subsequent valuation for the interest retained as associate, joint operation or financial instrument. Additionally any amount previously recognized in Other Comprehensive Income regarding such investments is recognized as if Grupo Clarín had disposed of the related assets and liabilities. Consequently, the amounts previously recognized in Other Comprehensive Income may be reclassified to net income.

2.5 Business Combinations

The Company applies the acquisition method to account for business combinations. The consideration for each acquisition is measured at fair value (on the date of exchange) of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by the Company in exchange for the control of the company acquired. The costs related to the acquisition are expensed as incurred.

The consideration for the acquisition, if any, includes any asset or liability arising from a contingent consideration arrangement, measured at fair value at the acquisition date. Subsequent changes to such fair value, verified within the measurement period, are adjusted against the acquisition cost.

The measurement period is the actual period that begins on the acquisition date and ends as soon as the Company receives all the information it was seeking about facts and circumstances that existed as of the acquisition date. The measurement period cannot exceed one year from the acquisition date. All other changes in the fair value of the contingent consideration classified as assets or liabilities, outside the measurement period, are recognized in net income.

Changes in the fair value of the contingent consideration classified as equity are not recognized.

In the case of business combinations achieved in stages, the Company's equity interest in the company acquired is remeasured at fair value at the acquisition date (i.e., the date on which the Company acquired control) and the resulting gain or loss, if any, is recognized as income/expense or in other comprehensive income, depending on the origin of the variation. In the periods preceding the reporting periods, the Company may have recognized in other comprehensive income the changes in the value of the interest in the capital stock of the acquired company. In that case, the amount recognized in other comprehensive income is recognized on the same basis that would have been required if the Company had directly disposed of the previously-held equity interest.

The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 (2008) are recognized at fair value at the acquisition date, except for certain particular cases provided by such standard.

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Any excess of the acquisition cost (including the interest previously held, if any, and the non-controlling interest) over the net fair value of the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Any excess of the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost is immediately recognized in net income.

The acquisition cost comprises the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, if any.

The Company initially recognizes any non-controlling interest as per its share in the amounts recognized for the net identifiable assets of the acquired company.

2.6 Investment in Associates

An associate is an entity over which the Company has significant influence, without exerting control, generally accompanied by equity holdings of between 20% and 50% of voting rights.

The associates' net income and the assets and liabilities are disclosed in the consolidated financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, the investment in an associate is to be initially recorded at cost and the book value will be increased or decreased to recognize the investor's share in the comprehensive income for the year or in other comprehensive income obtained by the associate, after the acquisition date. The distributions received from the associate will reduce the book value of the investment.

Any excess of the acquisition cost over the Company's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Goodwill is included in the book value of the investment and tested for impairment as part of the investment. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in net income.

Unrealized gains or losses on transactions between the Company (and subsidiaries) and the associates are eliminated considering the Company's interest in the associates.

Adjustments were made, where necessary, to the associates' financial statements so that their accounting policies are consistent with those used by the Company.

Investments in companies in which the company does not have control or significant influence have been valued at cost, as established by IAS 39.

In the cases where non-controlling shareholders hold put options whereby they may force the Company to acquire shares of subsidiaries, and the Company reasonably estimates that such put options will be duly exercised, the Company discloses the present value of the corresponding future payments under Other Liabilities.

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2.7 Interests in Joint Operations

A joint operation is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, i.e., when the financial strategy and the operating decisions related to the company's activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that entail the establishment of an independent entity in which each company holds an interest are called jointly controlled entities. The Company, in accordance with IFRS 11 "Joint Arrangements", has applied the equity method to measure its holding in the jointly controlled entity and discloses its holdings in such entities under Investment in unconsolidated affiliates.

In the cases of joint business arrangements executed through *Uniones Transitorias de Empresas* ("UTE"), considered joint operations under IFRS 11, the Company recognizes in its financial statements on a line-by-line basis the assets, liabilities and net income subject to joint control in proportion to its share in such arrangements.

These consolidated financial statements include the balances of the UTEs, among them, Ertach S.A. – Prima S.A. Unión Transitoria de Empresas, FEASA – S.A. La Nación Unión Transitoria de Empresas and AGEA S.A. – S.A. La Nación – UTE, in which the Company and/or its subsidiaries hold an interest.

2.8 Goodwill

Goodwill arises from the acquisition of subsidiaries and refers to the excess of the cost of acquisition over the net fair value at the date of acquisition of the identifiable assets acquired and liabilities assumed. The Company initially recognizes any non-controlling interest as per its share in the amounts recognized for the net identifiable assets of the acquired company.

If, upon measurement at fair value, the Company's share in the fair value of net identifiable assets of the acquired company exceeds the amount of the consideration transferred, the amount of any non-controlling interest in such company and the fair value of the acquirer's previously held non-controlling interest in the acquiree (if any), such excess is immediately recognized in the statement of comprehensive income as a gain arising from a very advantageous acquisition.

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Goodwill is not amortized, but tested for impairment on an annual basis. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to render benefits from the synergies of the respective business combination. Those cash-generating units to which goodwill is allocated are tested for impairment on an annual basis, or more frequently, when there is any indication of impairment. If the recoverable value of the cash-generating unit, i.e. the higher of the value in use or the fair value net of selling expenses, is lower than the value of the net assets allocated to that unit, including goodwill, the impairment loss is first allocated to reduce the goodwill allocated to the unit and then to the other assets of the unit, on a pro rata basis, based on the valuation of each asset in the unit. The impairment loss recognized against the valuation of goodwill is not reversed under any circumstance.

In case of a loss of control in the subsidiary, the amount attributable to goodwill is included in the calculation of the corresponding gain or loss.

2.9 Revenue Recognition

Revenues are recognized when the amount of revenues may be reliably estimated, when future economic benefits are likely to be obtained by the Company, and when specific criteria are met for each of Grupo Clarín's activities, as described below.

Revenues for each of the main business segments identified by the Company are recognized when the following conditions are met:

- Cable Television and Internet Access

Sales of cable or Internet services subscriptions are recognized as revenues for the period in which the services are rendered. Revenues from the installation of these services are accrued over the average term during which clients maintain their subscription to the service.

Advertising sales revenues are recognized in the period in which advertising is published or broadcast.

Revenues from transactions that include more than one item have been recognized separately to the extent they have commercial substance on their own. The amount of revenues allocated to each item is based on its fair value, which is assessed or estimated at market value.

Revenues from the sale of assets are recognized only when the risks and benefits arising from the use of the disposed assets have been transferred, the amount of revenues may be fairly estimated, and the Company is likely to obtain economic benefits (see Note 19).

Installment sales are recognized at the value of future income discounted at a market rate assessed at the beginning of the transaction.

- Printing and Publishing

Advertising sales are determined by the prices achieved per single column centimeter and the number of advertising centimeters sold in the relevant period. Circulation sales include the price received from the sale of newspapers, magazines and other publications. Printing services sales consist mainly of fees received from the printing of magazines, books, brochures and related products.

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Advertising sales from newspapers and magazines are recognized when advertising is published. Revenues from the sale of newspaper and magazines are recognized upon passing control to the buyers.

The Company records the estimated impact of returns, calculated based on historical trends, as a deduction from revenues. Revenues from printing services are recognized upon completion of the services, delivery of the related products and customer acceptance.

- Broadcasting and Programming

TV and radio advertising sales revenues are recognized when advertising is broadcast. Revenues from programming and distribution of television content are recognized when the programming services are provided.

2.10 Barter Transactions

The Company, through its subsidiaries, sells a small portion of its advertising spaces in exchange for goods or services received. Revenues are recorded when the advertisement is made, valued at the fair value of the goods or services received, in the case of goods and other services advertising barter transactions, or delivered, in the case of advertising-for-advertising barter transactions. Goods or services are recorded at the time goods are received or services are rendered. The goods or services to be received in consideration for the advertisements made are recorded as Trade Receivables. The advertisements to be made in exchange for the goods and services received are recorded as Trade Payables and Other.

2.11 Leases

Leases are classified as financial leases when the terms of the lease transfer to the lessee substantially all the risks and benefits inherent to the property. All other leases are classified as operating leases.

The assets held under financial leases are recognized at the lower of the fair value of the Company's leased assets at the beginning of the lease term, or the present value of the minimum lease payments. The liability held with the lessor is included in the balance sheet as an obligation under financial leases recorded under Debt.

Lease payments are apportioned between the finance charge and the reduction of the liabilities under the lease so as to achieve a constant interest rate on the outstanding balance. The finance charge is expensed over the lease term.

The assets held under financial leases are depreciated over the shorter of the useful life of the assets or the lease term.

Rentals under operating leases are charged to income on a straight line basis over the corresponding lease term.

2.12 Foreign Currency and Functional Currency

The financial statements of each of the entities consolidated by the Company are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the net income and the financial position of each entity are stated in Argentine Pesos (Argentina's legal tender for all companies domiciled in Argentina), which is the Company's functional

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currency, and the reporting currency of the consolidated financial statements. The functional currency of the indirectly controlled Uruguayan and Paraguayan companies, are the Uruguayan Peso and the Guarani, respectively.

In preparing the financial statements of the individual entities, the transactions in currencies other than the entity's functional currency (foreign currency) are recorded at the exchange rates prevailing on the dates on which transactions are carried out. At the end of each reporting year, the monetary items denominated in foreign currency are retranslated at the exchange rates prevailing on such date.

Exchange differences are charged to net income as incurred.

In preparing the Company's consolidated financial statements, the assets and liabilities balances of the entities which functional currencies is not the Argentine Peso, stated in their own functional currency (Uruguayan Peso and Guarani) are translated to Argentine pesos at the exchange rate prevailing at the end of the year, while the net income is translated at the exchange rate prevailing on the transaction date. Translation differences are recognized in other comprehensive income as "Variation in Translation Differences of Foreign Operations".

2.13 Financial Costs

Financial costs directly attributable to the acquisition, construction or production of assets that require a substantial period of time to prepare for their intended use or sale ("qualifying assets"), are capitalized as part of the cost of these assets until they are ready for their intended use or sale, according to IAS 23 ("Borrowing Costs").

The income, if any, on the temporary investment of the specific borrowings incurred to finance qualifying assets is deducted from the financial costs to be capitalized.

All other financial costs are charged to net income as incurred.

2.14 Taxes

The income tax charge reflects the sum of current income tax and deferred income tax.

2.14.1 Current and Deferred Income Tax for the year

Current and deferred taxes are recognized as expense or income for the year, except when they are related to entries debited or credited to other comprehensive income or equity, in which cases taxes are also recognized in other comprehensive income or directly in equity, respectively. In the case of a business combination, the tax effect is taken into consideration in the calculation of goodwill or in the determination of the excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

2.14.2 Current Income Tax

Current tax payable is based on the taxable income recorded during the year. Taxable income and net income reported in the consolidated statement of comprehensive income differ due to revenue or expense items that are taxable or deductible in other fiscal years and items that are never taxable or deductible. The current tax liability

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is calculated using the tax rate in effect as of the date of these consolidated financial statements. Current tax charge is calculated based on the tax rules effective in the countries in which the consolidated entities operate.

2.14.3 Deferred Income Tax

Deferred tax is recognized on temporary differences between the book value of the assets and liabilities included in these financial statements and the corresponding tax basis used to determine taxable income. Deferred tax liabilities are generally recognized for all temporary fiscal differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is likely that future taxable income will be available against which those deductible temporary differences can be charged. These assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

The book value of a deferred tax asset is reviewed at each reporting year and reduced to the extent that it is no longer likely that sufficient taxable income will be available in the future to allow for the recovery of all or part of the asset.

Deferred tax is recognized on temporary differences arising from investments in foreign subsidiaries.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable in the year in which the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting year, to recover or settle the book value of its assets and liabilities.

Deferred tax assets are offset against deferred tax liabilities if effective regulations allow to offset, before the tax authorities, the amounts recognized in those items; and if the deferred tax assets and liabilities arise from income taxes levied by the same tax authority and the Company intends to settle its assets and liabilities on a net basis.

Under the IFRS, deferred income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.14.4 Tax on Assets

In Argentina, the tax on assets (*impuesto a la ganancia mínima presunta*) is supplementary to income tax. The Company assesses this tax at the effective rate of 1% on the taxable assets at year-end. The Company's tax liability for each year will be equal to the higher of the tax on assets assessment or the income tax liability assessed at the legally effective rate on the estimated taxable income for the year. However, if the tax on assets exceeds the income tax liability in any given fiscal year, the excess may be creditable against any excess of income tax liability over the tax on assets in any of the following ten fiscal years.

The tax on assets balance has been capitalized in these consolidated financial statements for the amount estimated to be recoverable within the statute of limitations, based on the subsidiaries' current business plans.

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2.15 Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of goods and services, or for administrative purposes, are recorded at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation of property, plant and equipment in use is recognized on a straight-line basis over its estimated useful life.

The estimated useful life, residual value and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated.

Works in process are recorded at cost less any recognized impairment loss. The cost includes professional fees and, in the case of qualifying assets, capitalized financial costs in accordance with the Company's accounting policy (Note 2.13). Depreciation of these assets, as well as in the case of other property, plant and equipment, begins when the assets are ready for their use.

Assets held under financial leases are depreciated over the shorter of their estimated useful life, which is equal to the rest of the other similar assets, or over the lease term.

Repair and maintenance expenses are expensed as incurred.

The gain or loss arising from the retirement or disposal of an item of property, plant and equipment is calculated as the difference between income from the sale of the asset and the asset's book value, and recognized under "Other Income and Expenses, net" in the statement of comprehensive income.

The residual value of an asset is written down to its recoverable value, if the asset's residual value exceeds its estimated recoverable value (see Note 2.17).

2.16 Intangible Assets

Intangible assets include trademarks and patents, exclusivity agreements, licenses, software and other rights, the purchase value of the subscriber portfolio, projects in-progress (mainly related to software development) and other intangible assets. The accounting policies regarding the recognition and measurement of such intangible assets are described below.

2.16.1 Intangible Assets Acquired Separately

Intangible assets acquired separately are valued at cost, net of the corresponding accumulated amortization and impairment losses. Amortization is calculated on a straight line basis over the estimated useful life of the intangible assets. The Company reviews the useful lives applied, the residual value and the amortization method at each year-end, and accounts the effect of any changes in estimates on a prospective basis.

Assets held under financial leases are depreciated over the shorter of their estimated useful life, which is equal to the rest of the other similar assets, or over the lease term.

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2.16.2 Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are identified and recognized separately regarding goodwill when they meet the definition of intangible assets and their fair value can be measured reliably. Such intangible assets are recognized at fair value at acquisition date.

After the initial recognition, intangible assets acquired in a business combination are valued at cost net of accumulated amortization and impairment losses, with the same basis as intangible assets acquired separately.

2.16.3 Internally Generated Intangible Assets

Internally generated intangible assets arising from the development phase of an internal project are recognized if certain conditions are met, among them, technical feasibility to complete the development of the intangible asset and the intent to complete such development.

The amount initially recognized for internally generated intangible assets comprises all the expenses incurred as from the moment all the intangible assets meet the above-mentioned recognition criteria. Where it is not possible to recognize an internally generated intangible asset, the development expenses are recognized in the statement of comprehensive income in the year in which they are incurred.

After the initial recognition, internally developed intangible assets are valued at cost net of accumulated amortization and impairment losses, with the same basis as intangible assets acquired separately.

Such assets are included under software and projects in-progress.

2.17 Impairment of Non-Financial Assets, Except Goodwill

At the end of each financial statement, the Company reviews the book value of its non-financial assets with definite useful life to determine the existence of any evidence indicating that these assets could be impaired. If there is any indication of impairment, the recoverable value of these assets is estimated for the purposes of determining the amount of the impairment loss (in case the recoverable value is lower than the book value). Where it is not possible to estimate the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit ("CGU") to which such asset belongs. Where a consistent and reasonable allocation base can be identified, corporate assets are also allocated to an individual cash-generating unit or, otherwise, to the smallest group of cash-generating units for which a consistent allocation base can be identified.

The recoverable value of an asset is the higher of the fair value less selling expenses or its value in use. In measuring value in use, estimated future cash flows are discounted at their present value using a pre-tax discount rate, which reflects the current market assessments of the time value of money and, if any, the risks specific to the asset for which estimated future cash flows have not been adjusted.

Assets with an indefinite useful life (for example, non-financial assets unavailable for use) are not amortized, but are tested for impairment on an annual basis.

Non-financial assets, except for goodwill, for which an impairment loss was recorded, are reviewed at each closing date for a possible reversal of the impairment loss.

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2.18 Inventories

Inventories are valued at the lower of acquisition cost and/or production cost or the net realizable value. The cost is determined under the weighted average price method.

The production cost is determined under the cost absorption method, which comprises raw materials, labor and other costs directly related to the production of goods. The net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make such sale.

The criterion followed to expense each of these inventory items is as follows:

- Film Rights (series, soap operas and films) and programs purchased:

The cost of series, soap operas and programs purchased to be shown on broadcast television is mainly expensed against the cost of sales on the exhibition date or upon expiration of exhibition rights. Rights related to these programs acquired in perpetuity, if any, are amortized over their estimated useful life (eight years, with a grace period of three years and are subsequently amortized on a straight-line basis over the next five years).

Films are expensed against the cost of sales on a decreasing basis, based on the number of showings granted by the respective rights or upon expiration of exhibition rights.

Film rights acquired in perpetuity are amortized over their estimated useful life (seven years, with a grace period of four years. They are subsequently amortized on a decreasing basis over the next three years).

- In-house production programs and co-productions:

The cost of in-house production programs and co-productions is mainly expensed against the cost of sales after broadcasting of the chapter or program. Rights related to in-house production programs and co-productions acquired in perpetuity, if any, are amortized over their estimated useful life (eight years, with a grace period of three years and are subsequently amortized on a straight-line basis over the next five years).

- Events:

The cost of events is fully expensed against the cost of sales at the time of broadcasting.

The allowance for impairment is calculated based on the recoverability analysis conducted at the closing of each year. The values thus obtained do not exceed their respective recoverable values estimated at the closing of each year.

2.19 Other Assets

The assets included in this item have been valued at acquisition cost.

Investments denominated in foreign currency subject to restrictions on disposition under financial covenants have been valued at face value plus interest accrued as of each year-end.

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2.20 Provisions and Other

Provisions for Lawsuits and Contingencies and the accrual for asset retirement are recognized when the Company has a present obligation (be it legal or constructive) as a result of a past event, when it is likely that an outflow of resources will be required to settle the obligation and when the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting year, taking into consideration the corresponding risks and uncertainties. Where a provision is measured using the estimated cash flow to settle the present obligation, its book value represents the present value of such cash flow.

In estimating its obligations, the Company has taken into consideration the opinion of its legal advisors, if any.

2.21 Financial Instruments

2.21.1 Financial Assets

Purchases and sales of financial assets are recognized at the transaction date when the Company undertakes to purchase or sell the asset, and is initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value with changes in the statement of income, which are initially measured at fair value.

2.21.1.1 Classification of Financial Assets

Financial assets are classified within the following specific categories: “financial assets at fair value with changes in net income”, “held-to-maturity investments” and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

2.21.1.2 Recognition and Measurement of Financial Assets

2.21.1.2.1 Financial Assets at Fair Value with Changes in Net Income

Financial assets at fair value with changes in net income are recorded at fair value, recognizing any gain or loss arising from the measurement in the consolidated statement of comprehensive income. The net gain or loss recognized in net income includes any gain or loss generated by the financial asset and is included under the item financial income and cost in the consolidated statement of comprehensive income.

The assets designated in this category are classified as current assets if they are expected to be traded within 12 months; otherwise, they are classified as non-current assets.

The fair value of these assets is calculated based on the current quoted market price of these instruments.

2.21.1.2.2 Held-to-maturity Investments

Held-to-maturity investments are measured at amortized cost using the effective interest rate method less any impairment, if any.

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The effective interest rate method calculates the amortized cost of a financial asset or liability and the allocation of financial income or cost over the whole corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net book value of the financial asset or liability on its initial recognition.

Balances in foreign currency were translated at the exchange rate prevailing at the closing of year for the settlement of these transactions. Foreign exchange differences were charged to net income for each year.

2.21.1.2.3 Loans and Receivables

Loans and trade receivables with fixed or determinable payments not traded in an active market are classified as "trade receivables and other". Trade receivables and other are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method, less any impairment, if any. Interest income is recognized using the effective interest rate method, except for short-term balances for which the recognition of interest is not significant.

Loans and receivables are classified as current assets, except for the maturities exceeding 12 months from the closing date.

Loans in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year-end. Foreign exchange differences were charged to net income for each year.

2.21.1.3 Impairment of Financial Assets

The Company tests financial assets or a group of assets for impairment at each closing date to assess if there is any objective evidence of impairment. The value of a financial asset or a group of assets is impaired, and an impairment loss is recognized, where there is objective evidence of the impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event or events have an impact on the estimated future cash flows of the financial asset or a group of assets, which may be reliably measured.

The objective evidence of impairment may include, among others, significant financial difficulties of the issuer or obligor; or breach of contractual terms, such as default or delinquency in interest or principal payments.

For certain categories of financial assets, such as accounts receivable and other receivables, the assets that are not impaired on an individual basis are tested for impairment on a collective basis. The objective evidence of impairment of a receivables portfolio includes the Company's past collection experience, an increase in the number of delinquent payments in the receivables portfolio, as well as observable changes in the local economic situation affecting the recoverability of receivables.

Where there is objective evidence of an impairment loss in the value of loans granted, receivables or held-to-maturity investments recorded at amortized cost, the loss amount is measured as the difference between the book value and the present value of estimated future cash flows (without including future non-incurred losses), discounted at the original effective interest rate of the financial asset. The asset's book value is written down under a contra asset account. The loss amount is recognized in net income for the year.

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If, in subsequent periods, the impairment loss amount decreases and such decrease can be objectively related to an event occurring after the impairment has been recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed. A loss reversal can only be recorded to the extent the financial asset's book value does not exceed the amortized cost that would have been determined if the impairment loss had not been recorded at the reversal date. The reversal amount is recognized in net income for the year.

2.21.1.4 Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows of such assets expire or when it transfers the financial asset and, therefore, all the risks and benefits inherent to the ownership of the financial asset are transferred to another entity. If the Company retains substantially all the risks and benefits inherent to the ownership of the transferred asset, it will continue to recognize it and will recognize a liability for the amounts received.

2.21.2 Financial Liabilities

Financial liabilities, except for derivatives, are valued at amortized cost using the effective interest rate method.

2.21.2.1 Debt

Debt is initially valued at fair value net of the transaction costs incurred, and subsequently valued at amortized cost using the effective interest rate method. Any difference between the initial value net of the transaction costs and the settlement value is recognized in the income statement over the term of the loan using the effective interest rate method. Interest expense has been allocated to "Financial Costs" in the consolidated statement of comprehensive income, except for the portion allocated to the cost of works under construction recorded under "Property, Plant and Equipment".

Debt maturing within the 12 months preceding the closing date is classified as current and those maturing within the 12 months following the closing date are classified as non-current.

Loans in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year-end. Foreign exchange differences were charged to net income for each year.

2.21.2.2 Trade Payables and Other

Trade payables with fixed or determinable payments not traded in an active market are classified as "Trade Payables and Other". Trade Payables and Other are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Interest expense is recognized using the effective interest rate method, except for short-term balances for which the recognition of interest is not significant.

Trade Payables and Other are classified as current, except for the maturities exceeding 12 months from the closing date.

Trade payables in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year end. Foreign exchange differences were charged to net income for each year.

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2.21.2.3 Derecognition of Financial Liabilities

An entity shall derecognize a financial liability (or part of it) when it has been extinguished, i.e., when the obligation specified in the corresponding agreement is discharged, cancelled or expires.

2.21.3 Derivatives and Hedge Accounting

The Company executes certain financial instruments to manage its exposure to interest rate and exchange risks, including foreign currency hedges, interest rate swaps and currency swaps.

Derivatives are initially recognized at fair value at the date of execution of the related contract and subsequently measured at fair value at the end of the reporting year. The resulting gain or loss is immediately recognized in net income unless the derivative is designated as a hedging instrument, in which case the timing for its recognition will depend on the nature of the hedging relationship. The Company uses certain derivatives to hedge the fair value of its recognized liabilities (fair value hedge).

The Company documents at the beginning of the transaction the existing relationship between the hedging instruments and the hedged items, as well as its objectives to manage risk and the strategy to carry out hedge transactions. The Company also documents its assessment, both at the beginning and on an ongoing basis, of the high effectiveness of its hedging transactions to offset the changes in the fair value of the hedged items.

The fair value of hedging derivatives is fully classified as a non-current asset or liability if the hedged item matures in more than 12 months, and as a current asset or liability if the hedged item matures within 12 months.

Fair Value Hedge

Changes in the fair value of derivatives designated and classified as fair value hedges are charged to net income, together with any change in the fair value of a hedged liability attributable to the hedged risk. The Company only applies fair value hedge accounting to cover the exchange rate fluctuations of the liabilities it holds in foreign currency. The gain or loss relating to the effective portion of foreign currency forward contracts is charged to net income under Financial Costs. The loss or gain related to the ineffective portion, if any, is charged to net income under Other Income and Expenses, net. Changes in the fair value of the Company's hedged liabilities denominated in foreign currency, attributable to the risk detailed above, are charged to net income under Financial Costs.

2.21.4 Refinancing of Indebtedness

Liabilities arising from the restructuring of financial debts have been initially valued at fair value and will be subsequently measured at amortized cost using the effective interest rate method.

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2.22. Other Receivables**2.22.1 Call Option**

The call option included under the item Other Receivables has been valued at its acquisition cost.

2.23 Other Liabilities

Advances from customers involving obligations to deliver assets that have not yet been produced have been valued at the higher of the amounts received or the share in the estimated value of the related assets.

The other liabilities have been valued at nominal value.

2.24 Assets and Liabilities Held for Distribution to Shareholders

Non-current assets and liabilities (or disposal groups) are classified as assets and liabilities held for distribution to shareholders when an entity undertakes to distribute them to its shareholders, to the extent such distribution is highly likely to occur and they are available for immediate distribution in their then current conditions.

2.25 Consolidated Statement of Cash Flows

For the purposes of preparing the consolidated statement of cash flows, the item "Cash and Cash Equivalents" includes cash and bank balances, certain high liquidity short-term investments (with original maturities shorter than 90 days). Bank overdrafts payable on demand, if any, are deducted to the extent they are part of the Company's cash management.

Bank overdrafts are classified as "Debt" in the consolidated balance sheet.

Cash and cash equivalents at each year-end, as disclosed in the consolidated statement of cash flows, may be reconciled against the items related to the consolidated balance sheet as follows:

	December 31, 2016	December 31, 2015
Cash and Banks	416,006,084	2,025,780,934
Short-Term Investments	305,789,321	679,782,144
Subtotal	721,795,405	2,705,563,078
Cash and cash equivalents disclosed under "Assets held for distribution to shareholders":		
Cash and Banks	1,246,653,030	-
Short-Term Investments	1,382,238,850	-
Subtotal	3,350,687,285	2,705,563,078

In the years ended December 31, 2016 and 2015, the following significant transactions were carried out, which did not have an impact on cash and cash equivalents:

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	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Dividends collected through debt settlement	17,000,000	12,000,000
Interest settlement through reserve account	-	1,100,400

2.26 Distribution of Dividends

The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements for the year in which the distribution of dividends is approved at the Shareholders' Meeting.

NOTE 3 - ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the accounting policies described in Note 2, the Company has to make judgments and prepare accounting estimates of the value of the assets and liabilities that may not be otherwise obtained. The estimates and related assumptions are based on historical experience and other pertinent factors. Actual results may differ from these estimates.

The underlying estimates and assumptions are continually reviewed. The effects of the reviews of accounting estimates are recognized for the year in which estimates are reviewed.

These estimates basically refer to:

Allowance for Bad Debts

The Company calculates the allowance for bad debts for debt instruments that are not valued at fair value, taking into account the uncollectibility history, the opinion of its legal advisors, if any, and other circumstances known at the time of calculation.

Impairment of Goodwill

The Company assesses goodwill for impairment on an annual basis. In determining if there is impairment of goodwill, the Company calculates the value in use of the cash generating units to which it has been allocated. The calculation of the value in use requires the determination by the entity of the future cash flows that should arise from the cash generating units and an appropriate discount rate to calculate the present value.

Recognition and Measurement of Deferred Income Tax Items

Deferred tax assets are only recognized for temporary differences to the extent that it is likely that each entity, on an individual basis, will have enough future taxable income against which the deferred tax assets can be used. Tax loss carryforwards from prior years are only recognized when it is likely that each entity will have enough future taxable income against which they can be used.

Pursuant to effective regulations, the use of the subsidiaries' tax credits is based on a projection analysis of future income.

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The Company examines the recoverable value of deferred tax assets based on its business plans and books a valuation allowance, if appropriate, so that the net position of the deferred tax asset will reflect the probable recoverable value.

Provisions for Lawsuits and Contingencies

The elements taken into consideration for the calculation of the Provision for Lawsuits and Contingencies are determined based on the present value of the estimated costs arising from the lawsuits brought against the Company, taking into consideration the opinion of its legal advisors.

Determination of the Useful Lives of Property, Plant and Equipment and Intangible Assets

The Company reviews the estimated useful life of property, plant and equipment and intangible assets at each year-end.

Measurement of the fair value of certain financial instruments

The fair value of a financial instrument is the amount at which the instrument could be purchased or sold between knowledgeable, willing parties in an arm's length transaction. If there is a quoted market price available for an instrument in an active market, the fair value is calculated based on that price.

If there is no quoted market price available for a financial instrument, its fair value is estimated based on the price established in recent transactions involving the same or similar instruments and, otherwise, based on valuation techniques regularly used in financial markets. The Company uses its judgment to select a variety of methods and makes assumptions based on market conditions at closing.

Impairment losses of certain assets other than accounts receivable (including property, plant and equipment and intangible assets)

Certain assets, including property, plant and equipment and intangible assets are subject to impairment testing. The Company records impairment losses when it estimates that there is objective evidence of such losses or when the cost of such losses will not be recovered through future cash flows. The evaluation of what constitutes impairment is a matter of significant judgment. The impairment of non-financial assets is dealt with in more depth in

Note 2.17.

NOTE 4 – SEGMENT INFORMATION

The Company is mainly engaged in media and entertainment activities, which are carried out through the companies in which it holds a participating interest. Based on the nature, clients, and risks involved, the following business segments have been identified, which are directly related to the way in which the Company assesses its business performance:

- Cable Television, Internet Access and Telephony Services, mainly comprised by the operations of its subsidiary Cablevisión and its subsidiaries, notably: NEXTEL and PRIMA (the latter was merged into Cablevisión effective October 1, 2016).

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- Printing & Publishing: mainly comprises the operations of its subsidiary AGEA and its subsidiaries AGR, Cúspide, Tinta Fresca, CIMECO and their respective subsidiaries.
- Broadcasting and Programming: mainly comprises the operations of its subsidiaries ARTEAR, IESA and Radio Mitre, and their respective subsidiaries, including Telecor, Telba, Pol-Ka, Auto Sports, Grupo Carburando.
- Digital Content and Other: mainly comprises the operations of its controlled companies CMD and subsidiaries, OSA, FEASA and AGEA S.A. – S.A. La Nación - UTE. Additionally, this segment includes the Company's own operations (typical of a holding company) and those carried out by its controlled company GCGC.

The Company has adopted IFRS 8 - Segment Information, which defines operating segments as those identified based on internal reports with respect to the components of the company regularly reviewed by the Board of Directors, the main operating decisions maker, to allocate resources and assess their performance. The Company uses adjusted EBITDA to measure its performance. The Company believes that adjusted EBITDA is a significant performance measure of its businesses, since it is commonly used in the industry to analyze and compare media companies based on operating performance, indebtedness and liquidity. However, adjusted EBITDA does not measure net income or cash flows generated by operations and should not be considered as an alternative to net income, an indication of the Company's financial performance, an alternative to cash flows generated by operating activities or a measure of liquidity. Since adjusted EBITDA is not defined by IFRS, it is possible that other companies may calculate it differently. Therefore, the adjusted EBITDA reported by other companies may not be comparable to the Company's reported adjusted EBITDA.

The following tables include the information as of December 31, 2016 and 2015, prepared on the basis of IFRS, for the business segments identified by the Company. Note 1 to these consolidated financial statements includes additional information about the Company's businesses.

Notes 13 and 25 describe the effects of the corporate reorganization process of the Company and some of its subsidiaries and the corresponding impact on the consolidated financial information as of December 31, 2016.

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Information arising from consolidated income statements as of December 31, 2016	Cable Television, Internet Access and Telephony Services	Printing and Publishing	Broadcasting and Programming	Digital Content and Other	Deletions (1)	Adjustments (2)	Consolidated
Net Sales to Third Parties ⁽³⁾	30,791,419,604	5,266,195,937	4,597,920,835	769,256,193	-	(30,045,905,222)	11,378,887,347
Intersegment Sales	26,460,997	509,565,048	301,961,329	498,714,756	(564,726,751)	(771,975,379)	-
Net Sales	30,817,880,601	5,775,760,985	4,899,882,164	1,267,970,949	(564,726,751)	(30,817,880,601)	11,378,887,347
Cost of sales (excluding depreciation and amortization)	(11,540,010,475)	(3,455,863,004)	(2,731,032,522)	(796,478,203)	121,983,753	11,540,010,475	(6,861,389,976)
Subtotal	19,277,870,126	2,319,897,981	2,168,849,642	471,492,746	(442,742,998)	(19,277,870,126)	4,517,497,371
Expenses - excluding depreciation and amortization							
Selling Expenses	(4,225,789,970)	(1,402,377,946)	(323,146,967)	(210,502,866)	218,826,869	4,225,789,970	(1,717,200,910)
Administrative Expenses	(3,565,513,567)	(1,022,251,481)	(644,145,679)	(392,108,509)	223,916,129	3,565,513,567	(1,834,589,540)
Adjusted EBITDA	11,486,566,589	(104,731,446)	1,201,556,996	(131,118,629)	-	(11,486,566,589)	965,706,921
Depreciation of Property, Plant and Equipment							(118,227,554)
Amortization of Intangible Assets and Film Library ⁽⁴⁾							(65,256,955)
Financial Costs							(267,623,007)
Other Financial Results, net							(130,553,073)
Financial Results							(398,176,080)
Equity in Earnings from Affiliates and Subsidiaries							48,725,499
Other Income and Expenses, net							55,465,753
Income Tax and Tax on Assets							(264,157,883)
Income for the year from continuing operations							224,079,701
Discontinued Operations							
Net Income from Discontinued Operations							3,955,531,485
Net Income for the Year							<u>4,179,611,186</u>
Additional consolidated information as of December 31, 2016							
Acquisition of Property, Plant and Equipment	9,043,691,047	84,500,574	202,719,986	24,138,634	-	(9,043,691,047)	311,359,194
Acquisition of Intangible Assets	23,338,586	66,929,956	7,681,897	70,297,156	-	(23,338,586)	144,909,009
Ordinary Income from Foreign Operations	816,075,846	-	-	-	-	(816,075,846)	-
Non-Current Assets Held Abroad	884,259,624	11,135,712	-	-	-	(884,259,624)	11,135,712

⁽¹⁾ Deletions are related to Grupo Clarín's intercompany operations.

⁽²⁾ Recognition of revenues from cable TV and Internet installation services and transactions including separate items, the non-consolidation of special purpose entities, and the results of discontinued operations (as disclosed in Notes 25 and 13) corresponding to the Cable Television, Internet Access and Telephony Services segment.

⁽³⁾ Includes also sales to unconsolidated companies.

⁽⁴⁾ Amortization of film rights acquired in perpetuity, mentioned in Note 2.18.

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

Information arising from consolidated income statements as of December 31, 2015	Cable Television, Internet Access and Telephony Services	Printing and Publishing	Broadcasting and Programming	Digital Content and Other	Deletions (1)	Adjustments (2)	Consolidated
Net Sales to Third Parties ⁽³⁾	19,976,650,205	3,978,379,230	3,352,809,655	372,033,360	-	(19,387,880,062)	8,291,992,388
Intersegment Sales	37,049,795	325,013,561	248,551,251	388,953,766	(373,748,434)	(625,819,939)	-
Net Sales	20,013,700,000	4,303,392,791	3,601,360,906	760,987,126	(373,748,434)	(20,013,700,001)	8,291,992,388
Cost of sales (excluding depreciation and amortization)	(7,475,270,224)	(2,472,370,883)	(2,007,924,864)	(397,856,279)	60,720,941	7,475,270,224	(4,817,431,085)
Subtotal	12,538,429,776	1,831,021,908	1,593,436,042	363,130,847	(313,027,493)	(12,538,429,777)	3,474,561,303
Expenses - excluding depreciation and amortization							
Selling Expenses	(2,444,400,263)	(1,031,676,498)	(214,058,110)	(94,033,582)	142,034,681	2,444,400,263	(1,197,733,509)
Administrative Expenses	(2,594,729,513)	(686,794,683)	(427,087,164)	(267,819,259)	170,992,812	2,594,729,513	(1,210,708,294)
Adjusted EBITDA	7,499,300,000	112,550,727	952,290,768	1,278,006	-	(7,499,300,001)	1,066,119,500
Depreciation of Property, Plant and Equipment							(85,290,931)
Amortization of Intangible Assets and Film Library ⁽⁴⁾							(46,928,534)
Financial Costs							(150,123,485)
Other Financial Results, net							19,155,581
Financial Results							(130,967,904)
Equity in Earnings from Affiliates and Subsidiaries							61,298,581
Other Income and Expenses, net							98,222,054
Income Tax and Tax on Assets							(354,574,614)
Income for the year from continuing operations							607,878,152
Discontinued Operations							
Net Income from Discontinued Operations							2,308,032,329
Net Income for the Year							2,915,910,481
Additional consolidated information as of December 31, 2015							
Acquisition of Property, Plant and Equipment	4,342,609,987	52,719,081	76,291,518	4,942,134	-	(4,342,609,987)	133,952,733
Acquisition of Intangible Assets	7,600,638	52,460,919	9,012,238	16,651,473	-	(7,600,638)	78,124,630
Ordinary Income from Foreign Operations	718,406,183	-	-	-	-	(718,406,183)	-
Non-Current Assets Held Abroad	616,527,051	11,872,296	-	-	-	(616,527,051)	11,872,296

⁽¹⁾ Deletions are related to Grupo Clarín's intercompany operations.

⁽²⁾ Recognition of revenues from cable TV and Internet installation services and transactions including separate items, the non-consolidation of special purpose entities, and the results of discontinued operations (as disclosed in Notes 25 and 13) corresponding to the Cable Television, Internet Access and Telephony Services segment.

⁽³⁾ Includes also sales to unconsolidated companies.

⁽⁴⁾ Amortization of film rights acquired in perpetuity, mentioned in Note 2.18.

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with the report dated March 10, 2017

See our report dated
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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

NOTE 5 - BREAKDOWN OF THE MAIN ITEMS OF THE BALANCE SHEET

5.1 Property, Plant and Equipment

Main Account	Historical value					Balances as of December 31, 2016
	Balance at the Beginning	Additions	Deconsolidation of Subsidiaries (1)	Retirements	Transfers	
Real Property	662,762,575	154,429	(218,733,586)	(1,746,929)	82,113,229	524,549,718
Furniture and Fixtures	125,229,077	10,386,479	(53,447,675)	(5,879)	(398,544)	81,763,458
Telecommunication, Audio and Video Equipment	262,713,516	18,788,213	-	-	1,465,069	282,966,798
External Network and Broadcasting Equipment	7,408,676,730	-	(7,408,676,730)	-	-	-
Computer Equipment	934,368,830	82,278,065	(568,716,644)	(3,592,915)	693,055	445,030,391
Technical Equipment	124,380,673	7,436,523	(72,925,334)	-	(763,356)	58,128,506
Workshop Machinery	624,638,701	23,319,899	-	(9,663,924)	16,471,377	654,766,053
Tools	145,492,439	256,071	(144,136,324)	-	(21,908)	1,590,278
Spare Parts	66,011,063	12,626,736	-	-	140,016	78,777,815
Installations	497,032,153	13,081,724	(257,937,599)	(2,795,291)	(10,475,736)	238,905,251
Vehicles	325,426,977	3,610,565	(310,082,463)	(351,483)	36,798	18,640,394
Plots	6,218,711	-	(6,218,711)	-	-	-
Materials in Warehouse	1,615,863,948	-	(1,615,863,948)	-	-	-
Works-In-Progress	1,304,006,818	130,619,879	(1,263,469,923)	(142,320)	(95,938,771)	75,075,683
Leasehold Improvements Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials	63,673,594 (22,701,624)	8,800,611 -	(28,257,264) 22,701,624	- -	6,678,771 -	50,895,712 -
Total as of December 31, 2016	14,143,794,181	311,359,194	(11,925,764,577)	(18,298,741)	-	2,511,090,057

Main Account	Accumulated Depreciation				Balances as of December 31, 2016	Net Book Value as of December 31, 2016
	Balance at the Beginning	Deconsolidation of Subsidiaries (1)	Retirements	For the year		
Real Property	260,620,740	(84,595,868)	(1,383,664)	12,986,929	187,628,137	336,921,581
Furniture and Fixtures	99,651,334	(37,706,811)	(37,194)	2,492,951	64,400,280	17,363,178
Telecommunication, Audio and Video Equipment	218,132,288	-	(3,795)	13,902,866	232,031,359	50,935,439
External Network and Broadcasting Equipment	2,549,591,018	(2,549,591,018)	-	-	-	-
Computer Equipment	561,206,568	(242,393,763)	(2,170,014)	39,017,641	355,660,432	89,369,959
Technical Equipment	89,793,124	(49,537,223)	-	5,552,003	45,807,904	12,320,602
Workshop Machinery	542,192,598	-	-	9,245,700	551,438,298	103,327,755
Tools	113,181,331	(111,929,013)	-	70,445	1,322,763	267,515
Spare Parts	51,912,088	-	-	8,187,797	60,099,885	18,677,930
Installations	412,419,635	(226,996,298)	(11,832,383)	16,560,860	190,151,814	48,753,437
Vehicles	165,002,734	(155,420,743)	(247,136)	2,488,282	11,823,137	6,817,257
Plots	5,724,612	(5,724,612)	-	-	-	-
Materials in Warehouse	-	-	-	-	-	-
Works-In-Progress	390,796	-	(390,796)	-	-	75,075,683
Leasehold Improvements Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials	47,108,958 -	(24,880,764) -	- -	7,722,080 -	29,950,274 -	20,945,438 -
Total as of December 31, 2016	5,116,927,824	(3,488,776,113)	(16,064,982)	118,227,554	1,730,314,283	780,775,774

⁽¹⁾ Deconsolidation of balances as of January 1, 2016, as mentioned in Note 13.

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(Partner)

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GRUPO CLARÍN S.A.

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Main Account	Historical value						
	Balance at the Beginning	Cumulative Translation Adjustment	Additions	Consolidation of companies and acquisition of businesses	Retirements	Transfers	Balances as of December 31, 2015
Real Property	658,057,475	(952,276)	5,417,803	3,154,230	(16,828,964)	13,914,307	662,762,575
Furniture and Fixtures	121,382,067	(2,689,468)	6,809,267	1,321,404	(2,081,515)	487,322	125,229,077
Telecommunication, Audio and Video Equipment	239,146,325	-	20,723,835	3,053,766	(210,410)	-	262,713,516
External Network and Broadcasting Equipment	5,912,923,981	(71,613,502)	1,330,748,014	-	(878,842,497)	1,115,460,734	7,408,676,730
Computer Equipment	711,449,238	(1,529,008)	187,907,472	751,682	(61,210,831)	97,000,277	934,368,830
Technical Equipment	105,035,192	-	2,045,691	15,692,408	-	1,607,382	124,380,673
Workshop Machinery	610,359,802	-	2,897,902	21,032,437	(14,345,818)	4,694,378	624,638,701
Tools	112,637,714	(529,849)	1,841,558	740,909	(768,148)	31,570,255	145,492,439
Spare Parts	58,122,179	-	7,888,884	-	-	-	66,011,063
Installations	486,083,624	-	7,442,351	650,167	(11,195,142)	14,051,153	497,032,153
Vehicles	219,926,256	(1,110,105)	146,844,638	2,066,966	(42,300,778)	-	325,426,977
Plots	16,048,610	-	277,887	-	(10,107,786)	-	6,218,711
Materials in Warehouse	964,956,185	(4,325,605)	2,286,060,198	-	(169,389,977)	(1,461,436,853)	1,615,863,948
Works-In-Progress	667,424,627	(3,199,421)	458,745,305	305,989	-	180,730,318	1,304,006,818
Leasehold Improvements Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials	54,125,246 (17,799,368)	- 178,871	6,514,738 (5,338,639)	1,112,883 -	- 257,512	1,920,727 -	63,673,594 (22,701,624)
Total as of December 31, 2015	10,919,879,153	(85,770,363)	4,466,826,904	49,882,841	(1,207,024,354)	-	14,143,794,181

Main Account	Accumulated Depreciation						Net Book Value as of December 31, 2015
	Balance at the Beginning	Consolidation of companies and acquisition of businesses	Cumulative Translation Adjustment	Retirements	For the year	Balances as of December 31, 2015	
Real Property	262,815,838	405,995	(449,388)	(15,706,777)	13,555,072	260,620,740	402,141,835
Furniture and Fixtures	97,757,693	624,324	(1,670,467)	(2,012,612)	4,952,396	99,651,334	25,577,743
Telecommunication, Audio and Video Equipment	202,513,397	2,447,363	-	(172,632)	13,344,160	218,132,288	44,581,228
External Network and Broadcasting Equipment	2,118,666,426	-	(48,316,661)	(878,470,923)	1,357,712,176	2,549,591,018	4,859,085,712
Computer Equipment	519,991,413	473,312	(1,458,724)	(61,164,097)	103,364,664	561,206,568	373,162,262
Technical Equipment	71,449,559	9,782,642	-	-	8,560,923	89,793,124	34,587,549
Workshop Machinery	524,365,676	17,014,217	-	(9,061,401)	9,874,106	542,192,598	82,446,103
Tools	87,563,295	654,000	(315,059)	(508,170)	25,787,265	113,181,331	32,311,108
Spare Parts	45,476,255	-	-	-	6,435,833	51,912,088	14,098,975
Installations	395,122,707	421,684	-	(11,170,918)	28,046,162	412,419,635	84,612,518
Vehicles	169,416,833	922,361	(929,366)	(41,682,756)	37,275,662	165,002,734	160,424,243
Plots	15,607,462	-	-	(10,107,786)	224,936	5,724,612	494,099
Materials in Warehouse	-	-	-	-	-	-	1,615,863,948
Works-In-Progress	390,796	-	-	-	-	390,796	1,303,616,022
Leasehold Improvements Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials	38,806,689 (257,512)	180,636 -	259,147 -	- 257,512	7,862,486 -	47,108,958 -	16,564,636 (22,701,624)
Total as of December 31, 2015	4,549,686,527	32,926,534	(52,880,518)	(1,029,800,560)	(1) 1,616,995,841	5,116,927,824	9,026,866,357

(1) Includes Ps. 1,532 million corresponding to depreciation included under income/loss from discontinued operations (See Note 13).

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The following table details the average years of useful life of the items comprising Property, Plant and Equipment:

Item	Average Useful Life (in years)
Real Property	50
Furniture and Fixtures	10
Telecommunication, Audio and Video Equipment	between 3 and 4
External Network and Broadcasting Equipment	between 3 and 20
Computer Equipment	3
Technical Equipment	between 4 and 10
Workshop Machinery	10
Tools	5
Spare Parts	5
Installations	between 3 and 10
Vehicles	5
Plots	5
Leasehold Improvements	between 3 and 10

5.2 Intangible Assets

Main Account	Historical value							Balances as of December 31, 2016
	Balance at the Beginning	Cumulative Translation Adjustment	Additions	Acquisition of Businesses	Retirements	Transfers	Deconsolidation of Subsidiaries (1)	
Exploitation Rights and Licenses	38,676,597	-	7,959,235	-	-	-	(11,103,492)	35,532,340
Exclusivity Agreements	17,091,041	-	-	2,755,171	-	-	-	19,846,212
Other Rights	15,054,396	-	-	-	(103,268)	-	(2,868,904)	12,082,224
Acquisition Value of Subscriber Portfolio	982,270,861	-	-	-	-	-	(981,417,111)	853,750
Software	321,717,712	-	37,701,086	-	(333,794)	22,763,714	(152,707,378)	229,141,340
Trademarks and Patents	13,476,443	1,413,225	53,907,415	2,202,146	(641,827)	-	-	70,357,402
Projects in-Progress	5,793,094	-	43,151,055	-	(102,908)	(22,763,714)	-	26,077,527
Other	128,187,395	-	2,190,218	-	-	-	(31,423,596)	98,954,017
Total as of December 31, 2016	1,522,267,539	1,413,225	144,909,009	4,957,317	(1,181,797)	-	(1,179,520,481)	492,844,812

Main Account	Accumulated Amortization						Balances as of December 31, 2016	Net Book Value as of December 31, 2016
	Balance at the Beginning	Cumulative Translation Adjustment	Acquisition of Businesses	Retirements	Deconsolidation of Subsidiaries (1)	For the year		
Exploitation Rights and Licenses	31,165,711	-	-	-	(11,043,257)	3,692,832	23,815,286	11,717,054
Exclusivity Agreements	12,163,793	-	1,377,586	-	-	1,263,902	14,805,281	5,040,931
Other Rights	13,864,757	-	-	-	(2,868,512)	433,765	11,430,010	652,214
Acquisition Value of Subscriber Portfolio	905,665,321	-	-	-	(904,811,571)	-	853,750	-
Software	196,424,857	-	-	(333,793)	(105,923,040)	38,909,958	129,077,982	100,063,358
Trademarks and Patents	6,874,642	322,277	201,864	-	-	4,991,168	12,389,951	57,967,451
Projects in-Progress	-	-	-	-	-	-	-	26,077,527
Other	97,961,892	-	-	-	(31,058,090)	11,855,660	78,759,462	20,194,555
Total as of December 31, 2016	1,264,120,973	322,277	1,579,450	(333,793)	(1,055,704,470)	61,147,285	271,131,722	221,713,090

⁽¹⁾ Deconsolidation of balances as of January 1, 2016, as mentioned in Note 13.

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Main Account	Historical value						Balances as of December 31, 2015
	Balance at the Beginning	Cumulative Translation Adjustment	Additions	Consolidation of companies and acquisition of businesses	Retirements	Transfers	
Exploitation Rights and Licenses	33,898,031	-	4,692,621	85,945	-	-	38,676,597
Exclusivity Agreements	17,091,041	-	-	-	-	-	17,091,041
Other Rights	15,054,396	-	-	-	-	-	15,054,396
Acquisition Value of Subscriber Portfolio	975,213,788	-	7,053,073	-	-	4,000	982,270,861
Software	255,545,612	-	36,709,394	3,538,842	(822,680)	26,746,544	321,717,712
Trademarks and Patents	6,739,272	856,288	5,868,093	12,790	-	-	13,476,443
Projects in-Progress	7,389,943	-	25,149,695	-	-	(26,746,544)	5,793,094
Other	80,536,694	(54,315)	4,483,223	43,609,087	(383,294)	(4,000)	128,187,395
Total as of December 31, 2015	1,391,468,777	801,973	83,956,099	47,246,664	(1,205,974)	-	1,522,267,539

Main Account	Accumulated Amortization					Balances as of December 31, 2015	Net Book Value as of December 31, 2015
	Balance at the Beginning	Cumulative Translation Adjustment	Consolidation of companies and acquisition of businesses	Retirements	For the year		
Exploitation Rights and Licenses	28,327,861	-	85,945	-	2,751,905	31,165,711	7,510,886
Exclusivity Agreements	11,127,022	-	-	-	1,036,771	12,163,793	4,927,248
Other Rights	13,345,820	-	-	-	518,937	13,864,757	1,189,639
Acquisition Value of Subscriber Portfolio	804,700,780	-	-	-	100,964,541	905,665,321	76,605,540
Software	138,643,183	(722)	918,024	-	56,864,372	196,424,857	125,292,855
Trademarks and Patents	5,308,350	431,340	7,501	-	1,127,451	6,874,642	6,601,801
Projects in-Progress	-	-	-	-	-	-	5,793,094
Other	59,401,630	(30,779)	27,243,867	-	11,347,174	97,961,892	30,225,503
Total as of December 31, 2015	1,060,854,646	399,839	28,255,337	-	174,611,151	1,264,120,973	258,146,566

⁽¹⁾ Includes Ps. 132 million corresponding to amortization included under income/loss from discontinued operations (See Note 13).

The following is a detail of the average number of years over which intangible assets items are amortized:

Item	Amortization Period (in years)
Exploitation Rights and Licenses	between 2 and 20
Exclusivity Agreements	between 5 and 15
Other Rights	between 5 and 20
Acquisition Value of Subscriber Portfolio	10
Software	between 3 and 5
Trademarks and Patents	between 3 and 10
Other	between 3 and 20

5.3 Goodwill

Company assesses the recoverability of goodwill considering each company for which it records goodwill as a different cash generating unit ("CGU").

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The recoverable amount of each CGU has been determined as per its value in use, calculated based on operating cash flows estimated in the financial budgets approved by Management, which comprise a period ranging from one to three years. Cash flows not included in those periods are projected using a growth rate, assessed based on statistical data and historical indicators of Argentina, which does not exceed the long-term average growth of each business.

The gross margin used in each case for the calculation of the value in use allocated to each CGU arises from budgets prepared by each business for the period under consideration, which are in line with the historical data and the expectations regarding market development and evolution of the respective businesses.

The discount rate used in each case for the calculation of the value in use allocated to each CGU takes into account the risk-free rate, the country risk premium and the premium for risks specific to each business, and the indebtedness structure of each CGU. In particular, the annual discount rate applied to the projections of Cablevisión's cash flows is of approximately 9%.

Main Account	Residual Value	Allowance for Goodwill impairment	Net balances as of December 31, 2016	Net balances as of December 31, 2015
Cablevisión and subsidiaries ⁽¹⁾ ⁽²⁾	-	-	-	2,615,659,205
PRIMA ⁽²⁾	-	-	-	2,272,319
NEXTEL businesses ⁽²⁾	-	-	-	-
CIMECO and related companies	235,982,248	(54,637,313)	181,344,935	181,344,935
Cúspide and subsidiaries	19,059,775	(19,059,775)	-	19,059,775
Grupo Carburando	12,053,573	(12,053,573)	-	-
Telecor	39,173,062	-	39,173,062	39,173,062
Pol-Ka	16,130,769	(6,850,727)	9,280,042	9,280,042
Telba	3,774,071	-	3,774,071	3,774,071
Bariloche TV	1,844,621	-	1,844,621	1,844,621
Other	46,098,115	(10,591,317)	35,506,798	35,520,814
Total	<u>374,116,234</u>	<u>(103,192,705)</u>	<u>270,923,529</u>	<u>2,907,928,844</u>

(1) Includes goodwill of Multicanal and Teledigital, merged into Cablevisión (see Note 8.1.c).

(2) As of December 31, 2016, the balances under the goodwill of Cablevisión and its subsidiaries and NEXTEL are disclosed under Assets held for distribution to shareholders for Ps. 2.715 million and Ps. 802 million, respectively. See Note 13.

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5.4. Investment in Unconsolidated Affiliates

	Main business activity	Country	Interest (%) (1)	Value Recorded as of December 31, 2016	Value Recorded as of December 31, 2015
Included in assets					
Interest in Associates					
NEXTEL (2)	Telecommunication Services	Argentina	49.00	-	1,201,022,798
Papel Prensa	Manufacturing of Newsprint	Argentina	49.00	169,878,762	184,597,852
Ver TV S.A. (2)	Cable Television Station	Argentina	49.00	-	102,895,887
TPO(2)	Closed-Circuit Television	Argentina	47.00	-	10,822,223
TATC(2)	Cable Television Station	Argentina	49.99	-	5,707,520
La Capital Cable(2)	Closed-Circuit Television	Argentina	49.00	-	20,523,128
TSMA(2)	Cable Television Station	Argentina	49.10	-	31,760,343
Other Investments				6,632,746	6,601,046
Interests in Joint Operations					
TSC	Exploitation of events television broadcasting rights	Argentina	50.00	9,091,465	7,752,297
TRISA	Production and exploitation of sports events, advertising agency and financial and investing operations	Argentina	50.00	109,356,908	91,518,852
Canal Rural	Audiovisual production and sale of advertising	Argentina	64.99	14,351,137	4,268,968
Impripost	Variable printing	Argentina	50.00	8,964,915	10,605,383
AGL	Printing	Argentina	50.00	15,195,663	14,188,981
Ríos de Tinta	Editorial activities	Mexico	50.00	11,135,712	11,872,296
Patagonik	Film producer	Argentina	33.33	23,706,949	17,217,247
				<u>368,314,257</u>	<u>1,721,354,821</u>
Included in liabilities					
Interests in Joint Operations					
Other Investments				<u>1,234,644</u>	<u>9,873,368</u>
				<u>1,234,644</u>	<u>9,873,368</u>

(1) Interest in capital stock and votes

(2) Subsidiaries of Cablevisión. See Note 13.

(3) See Note 13.

Equity in Earnings from Affiliates and Subsidiaries

	December 31, 2016	December 31, 2015
Papel Prensa	(14,719,089)	5,749,658
TRISA	47,838,058	52,472,276
AGL	1,006,681	1,704,193
Canal Rural	5,762,220	1,942,356
Ríos de Tinta	(956,885)	522,298
Impripost	(1,640,468)	(824,433)
Other Companies	<u>11,434,982</u>	<u>(267,767)</u>
	<u>48,725,499</u>	<u>61,298,581</u>

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The following is a detail of certain supplementary information required by IFRS about interests in associates (amounts stated in millions of Argentine pesos):

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Dividends received	1	44
Summarized financial information:		
Current assets	279	3,225
Non-current assets	436	1,617
Current liabilities	333	1,504
Non-current liabilities	20	145
Revenues	1,074	2,925
Net Income from Continuing Operations	(28)	404
Total Comprehensive Income	(28)	404

The following is a detail of certain supplementary information required by IFRS about interests in joint operations (amounts stated in millions of Argentine pesos):

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Dividends received	33	44
Summarized financial information:		
Assets		
Cash and Cash Equivalents	390	221
Other Current Assets	617	432
Current assets	1,007	653
Non-current assets	176	123
Liabilities		
Current Debt	46	52
Other Current Liabilities	659	384
Current liabilities	705	436
Non-Current Debt	34	-
Other Non-Current Liabilities	69	26
Non-current liabilities	103	26
Revenues	2,111	1,371
Depreciation and Amortization	(24)	(18)
Interest Income	14	13
Interest Expense	(36)	(20)
Income Tax and Tax on Assets	(66)	(68)
Net Income from Continuing Operations	118	130
Other Comprehensive Income	-	6
Total Comprehensive Income	118	136

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5.5 Other Investments

	December 31, 2016	December 31, 2015
Non-Current		
Financial Instruments	7,412,878	458,789,781
	<u>7,412,878</u>	<u>458,789,781</u>
Current		
Financial Instruments	135,043,852	71,250,926
Securities	7,382,019	156,069,384
Mutual Funds	185,920,824	959,231,703
	<u>328,346,695</u>	<u>1,186,552,013</u>

5.6 Inventories

	December 31, 2016	December 31, 2015
Non-Current		
Film Products and Rights	15,805,039	23,626,229
	<u>15,805,039</u>	<u>23,626,229</u>
Current		
Raw Materials and Supplies	308,811,229	273,711,077
Products-in-Process	2,186,176	5,385,901
Finished Goods	201,340,358	91,747,645
Film Products and Rights	394,127,582	122,386,463
Other	866,053	845,099
Subtotal	907,331,398	494,076,185
Less: Allowance for Impairment of Inventories	(6,317,569)	(3,383,333)
	<u>901,013,829</u>	<u>490,692,852</u>

5.7 Other Assets

	December 31, 2016	December 31, 2015
Non-Current		
Works of Art	461,696	461,696
Other	1,660,856	2,165,605
	<u>2,122,552</u>	<u>2,627,301</u>
Current		
Other	11,838,743	11,456,124
	<u>11,838,743</u>	<u>11,456,124</u>

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5.8 Other Receivables

	December 31, 2016	December 31, 2015
Non-Current		
Tax Credits	135,113,000	91,786,409
Guarantee Deposits	5,250,965	7,307,156
Prepaid Expenses	-	38,080,166
Advances	1,880,637	111,084,501
Related Parties (Note 16)	9,453,296	9,212,575
Call option – NEXTEL (Note 12.i)	-	1,103,673,966
Other	9,076,675	29,740,489
Allowance for Other Bad Debts	<u>(1,567,580)</u>	<u>(1,567,580)</u>
	<u>159,206,993</u>	<u>1,389,317,682</u>
Current		
Tax Credits	200,003,480	231,318,592
Court-ordered and Guarantee Deposits	5,248,923	52,292,908
Prepaid Expenses	48,709,847	194,699,118
Advances	87,037,408	186,029,228
Related Parties (Note 16)	45,386,440	22,304,023
Derivatives (Note 22)	-	58,356,225
Sundry Receivables	22,469,157	50,114,718
Other	80,343,584	155,474,144
Allowance for Other Bad Debts	<u>(2,648,034)</u>	<u>(1,146,852)</u>
	<u>486,550,805</u>	<u>949,442,104</u>

5.9 Trade Receivables

	December 31, 2016	December 31, 2015
Non-Current		
Trade Receivables	<u>99,857,137</u>	<u>82,905,052</u>
	<u>99,857,137</u>	<u>82,905,052</u>
Current		
Trade Receivables	3,537,101,580	4,039,922,312
Related Parties (Note 16)	144,856,996	20,077,281
Allowance for Bad Debts	<u>(99,175,837)</u>	<u>(269,372,858)</u>
	<u>3,582,782,739</u>	<u>3,790,626,735</u>

5.10 Cash and Banks

	December 31, 2016	December 31, 2015
Cash and Imprest Funds	11,874,223	39,150,282
Cash at Banks	<u>404,131,861</u>	<u>1,986,630,652</u>
	<u>416,006,084</u>	<u>2,025,780,934</u>

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5.11. Provisions and Other

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Non-Current		
Provisions for Lawsuits and Contingencies	223,591,727	418,452,169
Accrual for Asset Retirement	4,660,566	14,023,145
	<u>228,252,293</u>	<u>432,475,314</u>

5.12 Debt

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Non-Current		
Financial Loans	83,392,075	149,514,835
Notes	-	3,321,722,710
Acquisition of equipment	8,518,437	591,437,651
Related Parties (Note 16)	377,262,109	9,212,575
Measurement at Fair Value	-	(38,535,875)
	<u>469,172,621</u>	<u>4,033,351,896</u>
Current		
Bank Overdraft	198,586,266	92,993,428
Financial Loans	134,063,965	532,754,534
Notes	-	1,661,477,099
Acquisition of equipment	3,583,977	389,941,446
Related Parties (Note 16)	-	22,708,882
Interest and Restatement	3,496,881	196,029,150
Measurement at Fair Value	-	5,832,827
	<u>339,731,089</u>	<u>2,901,737,366</u>

The following table details the changes in loans and indebtedness for the year ended December 31, 2016 and the prior year:

	<u>2016</u>	<u>2015</u>
Balances as of January 1st	6,935,089,262	4,589,396,870
New Loans and Indebtedness ⁽¹⁾	1,232,757,451	1,526,831,692
Accrued Interest	188,672,485	733,788,955
Exchange rate fluctuations and other financial effects	7,110,615	2,091,856,064
Consolidation of companies	-	16,998,266
Liabilities Held for Distribution to Shareholders(2)	(6,621,169,498)	-
Payment of Interest	(177,652,903)	(663,705,855)
Payment of Principal	<u>(755,903,702)</u>	<u>(1,360,076,730)</u>
Balances as of December 31	<u>808,903,710</u>	<u>6,935,089,262</u>

⁽¹⁾ Mostly loans for the payment of debt with upcoming maturity, and for the purchase of capital assets and inventories.

⁽²⁾ Deconsolidation of balances as of January 1, 2016, as mentioned in Note 13

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The following table summarizes the maturities of consolidated loans (undiscounted values) at year-end:

Non-Current Debt	Due				Total Non-Current
	From 1 to 2 years	From 2 to 3 years	From 3 to 4 Years	More than 5 years	
Financial Loans	80,364,336	3,027,739	-	-	83,392,075
Acquisition of equipment	4,375,184	4,143,253	-	-	8,518,437
Related Parties	-	-	-	377,262,109	377,262,109
Total as of December 31, 2016	84,739,520	7,170,992	-	377,262,109	469,172,621

Current Debt	Due				Total Current
	Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 months to 1 year	
Bank Overdraft	198,586,266	-	-	-	198,586,266
Financial Loans	38,624,003	35,620,614	28,045,342	31,774,006	134,063,965
Acquisition of equipment	828,014	874,174	917,804	963,985	3,583,977
Interest and Restatement	3,445,107	15,107	-	36,667	3,496,881
Total as of December 31,	241,483,390	36,509,895	28,963,146	32,774,658	339,731,089

The following are the main items of the Company's debt:

5.12.1 Cablevisión

The most significant bank and financial loans borrowed by Cablevisión and its subsidiaries are the following:

Date Issued	Borrower	Principal Amount	Balances as of December 31, 2016	Balances as of December 31, 2015	Final Maturity	Interest Rate
In millions of USD						
December 2003	Multicanal	80.3	-	80.3	July 2016	3.5% to 4.5% (5)
February 2011	Cablevisión (1)	88.2	-	4.52	February 2018	8.75% (5)
February 2011	Cablevisión (1)	71.3	-	2.75	February 2018	9.375% (5)
February 2011	Cablevisión (1)	223.3	-	8.62	February 2018	9.625% (5)
February 2011	Cablevisión (2)	17.2	-	0.67	February 2018	9.375% (5)
January 2015	Cablevisión (3)	80.9 (4)	-	32.2 (4)	August 2016	Adjusted Badlar rate + 4.85%
February 2015	Cablevisión (3)	286.3	-	286.3	February 2018	9.375% (5)
June 2016	Cablevisión (6)	500.0	500.0	-	June 2021	6.50% (5)

- (1) Use of funds: Refinancing of Notes.
- (2) Use of funds: Acquisition of non-financial assets and financing of imports.
- (3) Use: Prepayment of loans and financing of working capital and capital expenditures.
- (4) Loan in Argentine pesos converted into US dollars at the exchange rate prevailing on January 31, 2015 and December 31, 2015 respectively.
- (5) Fixed rate.
- (6) Use of funds: i) redemption of the aggregate amount of the outstanding principal under the Series V Notes, and unpaid interest plus an applicable surplus of 2%; ii) redemption of the aggregate amount of the outstanding principal under each of the Series I, II, III and IV Notes and unpaid interest; iii) early repayment of the Syndicated Loan and investment in fixed assets and other capital expenditures.

On February 9, 2015, pursuant to the powers delegated by the shareholders at the Annual General Extraordinary and Ordinary Shareholders' Meeting of Cablevisión held on April 28, 2014, the Board of Directors of Cablevisión approved the issuance, under the Global Program [for the Issuance of] Notes (the "Program"), of Class V notes for a nominal value of USD 286,377,785.96 (the "Class V Notes"), at a fixed annual nominal interest rate of 9.375%, payable semiannually as from August 2016, with final maturity in February 2018, which

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were used to refinance a portion of the debt represented by the outstanding Notes, which were refinanced, pursuant to the Trust Agreement executed between Cablevisión, as issuer, and Deutsche Bank Trust Company Americas as trustee, co-registrar and paying agent. As of the date of these financial statements, Cablevisión had repaid in full the outstanding principal and interest under the Class V Notes.

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, the shareholders of Cablevisión approved, among other matters: i) the extension of the authorization of the Program, which had been granted at the Annual General Ordinary and Extraordinary Shareholders' Meeting on April 28, 2014, increasing the maximum amount of the outstanding notes that may be issued under this Program from a nominal value outstanding at any time of USD 500,000,000 (or its equivalent in other currencies) to USD 1,000,000,000 (or its equivalent in other currencies). The Shareholders' Meeting renewed the delegation on the Board of Directors of the broadest powers in connection with the Program. The Board of Directors may subdelegate all or some powers interchangeably to one or more directors or managers of Cablevisión; and ii) the extension of the authorization of the Short-Term Debt Securities ("VCPs", for its Spanish acronym) program under the terms that had been originally approved. The Shareholders' Meeting renewed the delegation on the Board of Directors of the broadest powers in connection with the Program. The Board of Directors may subdelegate all or some powers interchangeably to one or more directors or managers of Cablevisión.

On June 1, 2016, pursuant to its delegated powers, the Board of Directors of Cablevisión authorized the issuance of Class A Notes for a nominal value of USD 500,000,000 (the "Class A Notes"), at a fixed annual nominal interest rate of 6.50%, payable semi-annually as from June 2016, with final maturity in June 2021. Proceeds will be used for:

- i) The redemption of the aggregate amount of outstanding principal under the Class V Notes for USD 286,377,785.96, unpaid interest, plus an applicable surplus of 2%;
- ii) The redemption of the aggregate amount of the outstanding principal under each of the Series I, II, III and IV Notes for USD 12,355,552.00 plus unpaid interest;
- iii) The payment of the aggregate principal amount under the 10-year Notes for USD 80,325,000.00 on its maturity date, July 20, 2016;
- iv) The prepayment in full of the Syndicated Loan (as defined below);
- v) The investment in fixed assets and other capital expenditures with the balance of the net proceeds (approximately USD 89,100,000).

In connection with the Notes issued by Cablevisión, it has undertaken certain covenants, including: (i) limitation on the issuance of guarantees by Cablevisión and its subsidiaries; (ii) consolidations, mergers, and sale of assets under certain conditions, (iii) limitation on incurring debt above certain approved ratios, (iv) restrictions on certain payments and on transactions with shareholders and affiliates under certain conditions, (v) limitation on the issuance and sale of significant subsidiaries' shares with certain exceptions and (vi) the limitation on the distribution of dividends for an amount not exceeding USD 50.0 million for fiscal year 2016 and USD 15 million for the subsequent years or up to a maximum of 50% of consolidated net income of each fiscal year, among others.

During the years covered by these consolidated financial statements, Cablevisión complied with the commitments undertaken.

As described above, on June 16, 2016, Cablevisión redeemed all outstanding principal under the Class V Notes for USD 286,377,785.96, which accrued interest at a fixed annual rate of 9.375%, with maturity on February 11, 2018, at a redemption price equal to 100% of the outstanding principal and unpaid interest plus an applicable surplus of 2%; and the aggregate amount of the outstanding principal under each of the Series I, II, III and IV Notes for USD 12,355,552.00 which accrued interest at an annual rate of 8.75%, 9.375%, 9.625% and 9.375%, respectively, with maturity on February 11, 2018, at a redemption price equal to 100% of the outstanding

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principal and accrued and unpaid interest without surplus, in compliance with the use of proceeds established in the pricing supplement of the Class A Notes.

On July 19, 2016, Cablevisión repaid in full the outstanding principal under the 10-year Notes for USD 80,325,000.00, which accrued interest at a fixed annual rate of 4.50%, in compliance with the use of funds established in the pricing supplement of the Class A Notes.

On January 30, 2015, Cablevisión executed a syndicated loan agreement with Industrial and Commercial Bank of China (Argentina) S.A. ("ICBC"), Banco Itaú Argentina S.A. ("Itaú"), Banco de la Ciudad de Buenos Aires ("Banco Ciudad"), Banco Santander Río S.A. ("Santander") and Banco Macro S.A. ("Macro") for Ps. 700 million, at a variable interest rate of adjusted BADLAR (average interest rate for 30 to 35 day term deposits of more than Ps. 1 million in Buenos Aires) + 4.85% and with its final maturity in July 2016, for the purpose of making a prepayment of principal and interest owed to ICBC, Itaú and Banco Ciudad under the syndicated loan agreement executed on January 31, 2014, in order to finance working capital and capital investments. In June 2016, this loan was prepaid in compliance with the use of proceeds established in the pricing supplement of the Class A Notes.

On January 13, 2015, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 30 million at an annual fixed nominal interest rate of 29% with final maturity in July 2015, for the purpose of increasing its working capital to finance the development of its core business. As of December 31, 2015, this loan had been canceled.

On July 16, 2015, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 28% with final maturity in January 2016, for the purpose of increasing its working capital to finance the development of its core business. In January 2016, this loan was canceled.

On January 18, 2016, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 34% with final maturity in April 2016, for the purpose of increasing its working capital to finance the development of its core business. In April 2016, this loan was cancelled.

On April 19, 2016, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 34.25% with final maturity in July 2016, for the purpose of increasing its working capital to finance the development of its core business. In July 2016, this loan was cancelled.

On July 19, 2016, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 30.50% with final maturity in October 2016, for the purpose of increasing its working capital to finance the development of its core business. In October 2016, this loan was cancelled.

On October 18, 2016, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 27.5% with final maturity in January 2017, for the purpose of increasing its working capital to finance the development of its core business. In January 2017, this loan was canceled.

On January 19, 2017, Cablevisión executed a financial loan agreement with Nuevo Banco de Santa Fe S.A. for Ps. 50 million at an annual fixed nominal interest rate of 27.5% with final maturity in April 2017, for the purpose of increasing its working capital to finance the development of its core business.

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On September 20, 2016, NEXTEL executed a financial loan agreement with Banco Itaú Argentina S.A. for USD 3.5 million at an annual fixed nominal interest rate of 5% with final maturity in September 2017, for the purpose of increasing its working capital to finance the development of its core business.

On January 16, 2017, Cablevisión executed a loan agreement with Banco ICBC for USD 5.2 million payable in 60 monthly installments at an annual fixed nominal interest rate of 6% with final maturity in January 2022 for the purpose of financing imports under its investment plan.

On February 6, 2017, Cablevisión executed a loan agreement with Banco ITAU BBA INTERNATIONAL PLC for USD 5.3 million payable in 36 monthly installments at an annual fixed nominal interest rate of 5% with final maturity in February 2020 for the purpose of financing imports under its investment plan.

5.12.2 AGEA and subsidiaries

As of December 31, 2016, AGR and Tinta Fresca had executed overdraft facility agreements with banks for a maximum of Ps. 77 million and Ps. 66 million, respectively.

During 2013, Banco Ciudad granted a loan to AGR in the amount of Ps. 20 million that accrues interest at an annual fixed rate of 15.25%. Principal was repaid on a quarterly basis as from February 2015, and interest was paid on a quarterly basis as from February 2014. During this year, this loan was cancelled.

During 2014, AGR executed two leasing agreements with Industrial and Commercial Bank of China (Argentina) S.A. for an aggregate Ps. 19.6 million (including Ps. 2 million of nationalization expenses that were subsequently added) to acquire machinery and equipment. During June 2014, when the Company conducted the startup of the above-mentioned machinery and equipment, it paid 30% of the total amount due under the agreements. The outstanding balance is payable in 61 monthly installments as from July 2014, plus an additional installment for the call option. The leasing agreements accrue interest at an annual rate of 15.25%, payable on a monthly basis as from the startup date.

5.12.3 GCGC

As of December 31, 2016, GCGC was the borrower under a loan with Banco de la Ciudad de Buenos Aires executed to finance the repair, recycling and improvement of the building for a principal amount of up to Ps. 30 million. Such loan will be repaid in 60 months, as from October 2012, with a 24-month grace period, i.e. in 36 monthly consecutive installments, accruing interest at the average Badlar rate for Private Banks plus 100 basic points. The aggregate amount of the loan was advanced to the company in several stages, after having obtained the required professional certifications. As of the date of these financial statements, GCGC received the full amount of the loan for an aggregate Ps. 30 million. As of December 31, 2016, the outstanding principal under the loan executed with Banco de la Ciudad de Buenos Aires was Ps. 11 million.

In addition, on January 27, 2016, the Company executed a loan agreement with Banco Santander Rio S.A. for Ps. 6 million to purchase storage due to technological upgrading. The term of the loan is 36 months with a grace period of 12 months. Principal will be repaid in 9 (nine) equal quarterly installments as from the 12th month. That loan accrues interest at the average Badlar rate for Private Banks plus 4.5%. Interest is calculated on outstanding balances and is payable on a quarterly basis.

5.12.4 ARTEAR.

On December 6, 2013, ARTEAR and Banco Itaú Argentina S.A. executed an agreement whereby ARTEAR is the borrower under a bilateral loan, within the framework of Communication "A" 5449 issued by the BCRA relating to Productive Investment Credit Facilities, for a principal amount of Ps. 12.9 million, payable within a term of 36 months in equal consecutive monthly installments. The first installment is due on month 12, counted as from origination. The funds were used to finance a project for the acquisition of capital assets and manpower

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to adapt the production and broadcasting of contents to the entertainment and news standards of the television industry. Principal accrues interest at an annual nominal fixed rate of 15.25% payable on a monthly basis as from the origination of the loan. On December 6, 2016, ARTEAR paid the last installment of the loan. As a result, there is no outstanding principal as of the date of these financial statements.

On December 20, 2013 ARTEAR executed a syndicated loan with Banco Itaú Argentina S.A. and the Industrial and Commercial Bank of China (Argentina) S.A. for a principal amount of Ps. 200 million to be repaid in 2 years in the following installments: Ps. 35 million due 12 months after disbursement, Ps. 35 million due 18 months after disbursement and Ps. 130 million due 24 months after disbursement. Each of the banks has a 50% pro rata participation in the loan. The funds were used to finance working capital, to make capital expenditures and/or to distribute dividends. Principal accrued interest at a variable rate established based on the BADLAR rate for private banks, plus a 4.25% margin, payable on a monthly basis since the beginning of the loan period.

On June 22, 2015, the Company paid the second installment of Ps. 35 million on the outstanding principal under the syndicated loan. On December 21, 2015, the Company repaid such syndicated loan in full with the payment of the last installment in the amount of Ps. 130 million.

On December 17, 2015, ARTEAR and Banco Santander Río S.A. executed an agreement whereby ARTEAR is the borrower under a bilateral loan for a principal amount of Ps. 150 million, payable within a 3-year term in equal consecutive quarterly installments. The first installment is due on month 12, counted as from the origination of the loan. The funds will be used to finance working capital and investments. Principal accrues interest at a variable annual rate established based on the BADLAR rate for private banks, plus a 4.50% margin, payable on a quarterly basis since the origination of the loan. On December 19, 2016, the Company paid Ps. 16.7 million for the first installment of the principal under this loan.

5.12.5 IESA and Subsidiaries

On February 3, 2016, Auto Sports S.A., subsidiary of IESA, executed a loan agreement with Banco Santander Río S.A. for Ps. 20 million to be allocated to the purchase of goods. This loan has a term of 36 (thirty six) months with a grace period of 12 (twelve) months and accrues interest at an annual variable rate based on the Badlar rate for Private Banks, plus a 4.60% margin. Principal will be repaid in 9 (nine) equal quarterly installments as from the 12th (twelfth) month.

5.13 Sellers Financing

The following table summarizes the consolidated debt maturities in connection with the acquisition of companies:

	Without any established term	Due			Total as of December 31, 2016	Total as of December 31, 2015
		Up to 3 months	From 3 to 6 months	From 6 to 9 months		
Current Sellers Financing						
On Capital Stock	-	1,030,987	980,985	12,244,495	14,256,467	1,874,191

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5.14 Taxes Payable

	December 31, 2016	December 31, 2015
Non-Current		
Taxes Payable on a National Level	59,188,405	90,524,218
	<u>59,188,405</u>	<u>90,524,218</u>
Current		
Taxes Payable on a National Level	288,590,887	1,086,577,290
Taxes Payable on a Provincial Level	5,777,723	37,706,212
Taxes Payable on a Municipal Level	2,500,284	28,711,199
	<u>296,868,894</u>	<u>1,152,994,701</u>

5.15 Other Liabilities

	December 31, 2016	December 31, 2015
Non-Current		
Guarantee Deposits	256,239	211,239
Unearned Revenue	-	110,990,675
Call Options (Note 10)	47,670,000	1,775,255
Investment in Unconsolidated Affiliates (Note 5.4)	1,234,644	9,873,368
Other	12,501,185	19,334,700
	<u>61,662,068</u>	<u>142,185,237</u>
Current		
Advances from Customers	307,477,354	107,589,942
Dividends Payable	809,857	2,248,243
Related Parties (Note 16)	3,539,651	39,490
Call Options (Note 10)	-	39,120,000
Unearned Revenue	119,754,967	225,745,016
Other	76,883,084	90,419,165
	<u>508,464,913</u>	<u>465,161,856</u>

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5.16 Trade Payables and Other

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Non-Current		
Suppliers and Trade Provisions	1,193,880	1,692,559
Employer's Contributions	<u>26,154,088</u>	<u>17,864,459</u>
	<u>27,347,968</u>	<u>19,557,018</u>
Current		
Suppliers and Trade Provisions	1,928,047,164	3,309,897,561
Related Parties (Note 16)	68,385,785	94,905,781
Employer's Contributions	<u>961,776,858</u>	<u>1,648,099,256</u>
	<u>2,958,209,807</u>	<u>5,052,902,598</u>

5.17 Changes in provisions and allowances

Items	Balance at the Beginning	Increases	Deconsolidation of companies ⁽⁶⁾	Decreases	Balances as of December 31, 2016	Balances as of December 31, 2015
Deducted from Assets						
Allowance for Bad Debts	272,087,290	29,819,652 (1)	(195,726,226)	(2,789,265) (1)	103,391,451	272,087,290
Allowance for Impairment of Inventories	3,383,333	3,002,255 (2)	(68,019)	-	6,317,569	3,383,333
Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials	22,701,624	-	(22,701,624)	-	-	22,701,624
Allowance for Goodwill impairment	673,672,977	23,594,962	(594,075,234)	-	103,192,705	673,672,977
Valuation Allowance (5)	<u>65,723,325</u>	<u>69,972,510 (3)</u>	<u>(543,727)</u>	<u>(5,886,047)</u>	<u>129,266,061</u>	<u>65,723,325</u>
Total	<u>1,037,568,549</u>	<u>126,389,379</u>	<u>(813,114,830)</u>	<u>(8,675,312)</u>	<u>342,167,786</u>	<u>1,037,568,549</u>
Included in liabilities						
Provisions for Lawsuits and Contingencies	418,452,169	150,519,012 (4)	(271,389,526)	(73,989,928) (4)	223,591,727	418,452,169
Accrual for Asset Retirements	<u>14,023,145</u>	<u>1,151,708 (4)</u>	<u>(10,514,287)</u>	<u>- (4)</u>	<u>4,660,566</u>	<u>14,023,145</u>
Total	<u>432,475,314</u>	<u>151,670,720</u>	<u>(281,903,813)</u>	<u>(73,989,928)</u>	<u>228,252,293</u>	<u>432,475,314</u>

(1) Includes net increases of Ps. 33,914,214 which have been charged to Selling expenses (see Note 6.3).

(2) Includes Ps. 3,002,255 corresponding to net increases which have been charged to Impairment of Inventories and Obsolescence of Materials under Production Expenses (see Note 6.3).

(3) Charged to Income Tax and Tax on Assets

(4) Includes net increases in the amount of Ps. 122,876,589 which have been charged to Contingencies (see Note 6.3) and Ps. 26,620,315 which have been charged to Other Financial Income, Net.

(5) Includes Valuation Allowance for Net Deferred Tax Assets and the Valuation Allowance for tax on assets.

(6) Deconsolidation of balances as of January 1, 2016, as mentioned in Note 13.

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NOTE 6 - BREAKDOWN OF THE MAIN ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME**6.1 Revenues**

	December 31, 2016	December 31, 2015
Advertising Sales	5,790,418,652	4,292,814,678
Circulation Sales	2,531,217,496	1,995,455,894
Printing Services Sales	360,960,973	322,292,249
TV Signals Sales	942,484,850	395,701,559
Sale of Property	165,959,174	48,102,637
Other Sales	1,587,846,202	1,237,625,371
Total ⁽¹⁾	11,378,887,347	8,291,992,388

⁽¹⁾ Includes sales executed through barter transactions as of December 31, 2016 and 2015 for Ps. 285.4 million and Ps. 169.3 million, respectively.

6.2 Cost of Sales

	December 31, 2016	December 31, 2015
Inventories at the beginning of the year	517,702,414	297,898,720
Incorporation of companies	1,827,136	23,385,923
Deconsolidation of Subsidiaries (1)	(4,921,974)	(7,493,019)
Purchases for the year	2,075,103,365	1,427,018,890
Production and Services Expenses (Note 6.3)	5,336,977,418	3,698,664,822
Less: Inventories at year-end	(923,136,437)	(512,780,440)
Cost of Sales	7,003,551,922	4,926,694,896

⁽¹⁾ See Note 13.

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6.3. Production and Services, Selling and Administrative Expenses

Item	Production and Services Expenses	Selling Expenses	Administrative Expenses	Total as of December 31, 2016	Total as of December 31, 2015
Fees for Services	529,953,422	171,603,494	329,300,939	1,030,857,855	643,904,056
Salaries, Social Security and Benefits to Personnel ⁽¹⁾	2,657,392,948	414,973,209	1,040,407,562	4,112,773,719	3,109,277,850
Advertising and Promotion Expenses	-	359,373,939	1,917,553	361,291,492	231,556,392
Taxes, Duties and Contributions	111,646,838	74,872,345	32,250,375	218,769,558	156,159,020
Bad Debts	-	33,914,214	-	33,914,214	27,649,368
Travel Expenses	136,625,997	15,342,502	34,424,469	186,392,968	132,885,733
Maintenance Expenses	187,170,109	3,898,618	59,529,991	250,598,718	157,310,615
Distribution Expenses	291,280,746	457,545,383	-	748,826,129	497,877,939
Communication Expenses	29,824,247	12,032,124	12,188,245	54,044,616	46,699,916
Contingencies	5,377,313	889,831	116,609,445	122,876,589	55,079,587
Stationery and Office Supplies	11,345,282	2,988,159	8,775,061	23,108,502	17,506,707
Commissions	-	54,255,976	1,033,941	55,289,917	26,588,240
Productions and Co-Productions	404,209,588	-	-	404,209,588	321,976,482
Printing Expenses	9,209,175	-	-	9,209,175	32,341,816
Rights	114,059,186	-	-	114,059,186	21,737,120
Services and Satellites	102,513,527	1,819,768	45,512,365	149,845,660	94,339,961
Severance Payments	259,615,628	63,660,785	90,024,647	413,301,060	126,228,157
Non-Computable VAT	42,708,043	-	-	42,708,043	30,669,004
Rentals	168,818,828	5,818,848	6,705,334	181,343,010	132,359,942
Amortization of Intangible Assets	34,417,039	7,972,019	18,758,227	61,147,285	43,063,075
Amortization of Film Library	4,109,670	-	-	4,109,670	3,865,459
Depreciation of Property, Plant and Equipment	103,635,237	3,795,873	10,796,444	118,227,554	85,290,931
Impairment of Inventories and Obsolescence of Materials	3,002,255	-	-	3,002,255	(70,615)
Other Expenses	130,062,340	44,211,715	55,909,613	230,183,668	135,765,524
Total as of December 31, 2016	<u>5,336,977,418</u>	<u>1,728,968,802</u>	<u>1,864,144,211</u>	<u>8,930,090,431</u>	
Total as of December 31, 2015	<u>3,698,664,822</u>	<u>1,202,643,174</u>	<u>1,228,754,283</u>		<u>6,130,062,279</u>

(1) As of December 31, 2016, it includes a recovery of approximately Ps. 344 million from the calculation of employer's contributions as tax credit on VAT by certain subsidiaries (Decree No. 746/03 issued by the Executive Branch), as mentioned in Notes 8.3.h. and 8.3.i.

6.4 Financial Costs

	December 31, 2016	December 31, 2015
Financial Discounts on Liabilities	(1,525,079)	-
Interest	(234,028,516)	(147,916,180)
Exchange Differences	(30,652,537)	(1,885,312)
Other Financial Costs	(1,416,875)	(321,993)
Total	<u>(267,623,007)</u>	<u>(150,123,485)</u>

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6.5 Other Financial Results, net

	December 31, 2016	December 31, 2015
Exchange Differences	(2,945,871)	(9,826,705)
Interest	50,997,267	9,769,182
Financial Discounts on Assets and Liabilities	(11,710,971)	(9,366,336)
Other Taxes and Expenses	(174,924,976)	(145,263,491)
Results from transactions with securities and bonds	242,085	130,082,609
CER Restatement	(218,402)	(42,273)
Income from Changes in the Fair Value of Financial Instruments	8,007,795	43,802,595
Total	<u>(130,553,073)</u>	<u>19,155,581</u>

6.6 Other Income and Expenses, net

	December 31, 2016	December 31, 2015
Income from Sale of Property, Plant and Equipment	37,036,971	(10,723,613)
Other ⁽¹⁾	18,428,782	108,945,667
Total	<u>55,465,753</u>	<u>98,222,054</u>

⁽¹⁾ For the year 2015, it includes the impact on results (income) of recognizing past-due trade receivables for approximately Ps. 95 million.

NOTE 7 - INCOME TAX

The following table shows the reconciliation between the consolidated income tax charged to net income for the years ended December 31, 2016 and 2015 and the income tax liability that would result from applying the current tax rate on consolidated income before income tax and tax on assets and the income tax liability assessed for each year (amounts stated in thousands of Argentine Pesos):

	December 31, 2016	December 31, 2015
Income before Income Tax	488,238	962,453
Current Rate	35%	35%
Income Tax Assessed at the Current Tax Rate on Income before Income Tax	(170,883)	(336,858)
Permanent Differences:		
Equity in Earnings from Affiliates and Subsidiaries	17,054	21,455
Non-Taxable Income	(59,728)	(7,414)
Other	19,775	2,620
Subtotal	(193,782)	(320,197)
Expired Tax Loss Carryforwards	(404)	(1,274)
Valuation Allowance for Net Deferred Tax Assets Charged to Income	(64,067)	(30,451)
Total Income Tax	(258,253)	(351,922)
Deferred Tax	192,770	52,832
Current Tax	(451,023)	(404,754)
Income Tax Assessed for the Year	(258,253)	(351,922)
Tax on assets	(5,905)	(2,653)
Total	<u>(264,158)</u>	<u>(354,575)</u>

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Breakdown of Consolidated Deferred Tax (in thousands of Argentine pesos):

	December 31, 2016	December 31, 2015	Changes Year 2016	Changes Year 2015
Deferred Assets				
Tax Loss Carryforwards	424,137	226,342	197,795	13,814
Inventories	33,557	36,070	(2,513)	20,069
Other Investments	20,381	19,988	393	(4,907)
Provisions and Other	66,613	133,612	(66,999)	32,568
Trade Receivables	64,239	100,464	(36,225)	80,397
Other Liabilities	50,919	10,973	39,946	(419)
Accounts Payable	9,611	129,432	(119,821)	21,745
	669,457	656,881	12,576	163,267
Deferred Tax Liabilities				
Property, Plant and Equipment	(31,818)	(221,992)	190,174	(59,671)
Intangible Assets	(1,443)	(27,279)	25,836	34,411
Other Assets	(8,111)	(845)	(7,266)	626
Debt	-	-	-	12,765
Subtotal	(41,372)	(250,116)	208,744	(11,869)
Valuation Allowance on Tax Loss Carryforwards - (Charges)	(95,398)	(31,874)	(63,524)	(19,501)
	(136,770)	(281,990)	145,220	(31,370)
Total Net Deferred Tax Assets / (Liabilities)	532,687	374,891	157,796	131,897

(1) Comprises Deferred Tax Assets in the amount of Ps. 532,897 and Deferred Tax Liabilities in the amount of Ps. 210 as of December 31, 2016, disclosed in the Consolidated Balance Sheet.

(2) Includes Ps. 24 million as of December 31, 2016 under Assets Held for Distribution to Shareholders.

As of December 31, 2016, the Company's and its subsidiaries' accumulated consolidated tax loss carryforwards amounted to approximately Ps. 1,211,821 thousand, which calculated at the current tax rate, represent deferred tax assets in the amount of approximately Ps. 424,137 thousand. The following table shows the expiration date of the accumulated tax loss carryforwards pursuant to statutes of limitations (amounts stated in thousands of Argentine Pesos):

Expiration year	Amount of Tax Loss Carryforward
2017	12,006
2018	51,805
2019	339,793
2020	182,211
2021	625,774
2022	232

The Company estimates that the tax loss carryforwards are recoverable for the net amounts disclosed.

NOTE 8 - PROVISIONS AND OTHER CONTINGENCIES

8.1 Regulatory Framework

- a. SCI Resolution No. 50/10 approved certain rules for the sale of pay television services. These rules provide that cable television operators must apply a formula to estimate their monthly subscription prices. The price arising from the application of the formula was to be informed to the Office of Business Loyalty (*Dirección de Lealtad Comercial*) between March 8 and March 22, 2010. Cable television operators must adjust such amount semi-annually and inform the result of such adjustment to said Office.

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Even though as of the date of these financial statements the subsidiary Cablevisión cannot assure the actual impact of the application of this formula, given the vagueness of the variables provided by the Resolution to calculate the monthly subscription prices, Cablevisión believes that Resolution No. 50/10 is arbitrary and bluntly disregards its freedom to contract, which is part of the right to freedom of industry and trade. Therefore, it has filed the pertinent administrative claims and has brought the necessary legal actions requesting the suspension of the Resolution's effects and ultimately requesting its nullification.

Even though Cablevisión, like other companies in the industry, has strong constitutional arguments to support its position, it cannot be assured that the final outcome of this issue will be favorable. Therefore, Cablevisión and/or some of its subsidiaries may be forced to modify the price of their pay television subscription, a situation that could significantly affect the revenues of their core business. This creates a general framework of uncertainty over the businesses of Cablevisión and/or some of its subsidiaries that could significantly affect the recoverability of their relevant assets and Grupo Clarín S.A.'s assets related to its investment in Cablevisión. Notwithstanding the foregoing, as of the date of these financial statements, in accordance with the decision rendered on August 1, 2011 in re "LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretariat of Domestic Trade", the Federal Court of Appeals of the City of Mar del Plata has ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the Argentine Cable Television Association ("ATVC", for its Spanish acronym). Upon being served on the SCI and the Ministry of Economy on September 12, 2011, such decision became fully effective and may not be disregarded by the SCI. The National Government filed an appeal against the decision rendered by the Federal Court of Appeals of Mar del Plata to have the case brought before the Supreme Court. Such appeal was dismissed and so the National Government filed a direct appeal with the Supreme Court, which was also dismissed.

On June 1, 2010, the SCI imposed a Ps. 5 million fine on Cablevisión alleging that it had failed to comply with the information regime set forth by Resolution No. 50/10, and invoking the Antitrust Law to impose such penalty. The fine was appealed and submitted to the National Court of Appeals on Federal Administrative Matters, Chamber No. 5, which decided to reduce the fine to Ps. 300,000. Cablevisión appealed this decision by filing an extraordinary appeal with the Supreme Court of Argentina.

On March 10, 2011 SCI Resolution No. 36/11 was published in the Official Gazette. This Resolution falls within the framework of SCI Resolution No. 50/10. Resolution No. 36/11 sets forth the parameters to be applied to the services rendered by Cablevisión to its subscribers from January through April 2011. These parameters are as follows: 1) the monthly basic subscription price shall be Ps. 109 for that period; 2) the price of other services rendered by Cablevisión should remain unchanged as of the date of publication of the resolution; and 3) the promotional benefits, existing rebates and/or discounts already granted as of that same date shall be maintained. The resolution also provides that Cablevisión shall reimburse users for any amount collected above the price set for that period.

Cablevisión believes that Resolution No. 36/10 is illegal and arbitrary, since it is grounded on Resolution No. 50/10, which is absolutely null and void. Since the application of Resolution No. 50/10 has been suspended, the application of Resolution No. 36/2011, which falls within the framework of the former, is also suspended.

The claim filed by Cablevisión seeking the nullification of Resolution No. 50/2010 is currently pending before the Federal Administrative Court of First Instance No. 7 of the City of Buenos Aires. This claim was dismissed in view of the claim pending in the City of Mar del Plata.

Subsequently, the SCI issued Resolutions Nos. 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 pursuant to which the SCI extended the effectiveness of Resolution No. 36/11 up to and including September 2014, and adjusted the cable television subscription price to Ps.152. Cablevisión believes, however, that given the terms under which the Federal Court of the

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City of Mar del Plata granted the preliminary injunction, that is, ordering the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by ATVC (among them, Cablevisión and its subsidiaries), and also given the fact that Resolutions No. 36/11, 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 merely apply Resolution No. 50/10, Cablevisión continues to be protected by said preliminary injunction, and, therefore, the ordinary course of its business will not be affected.

On April 23, 2013, Cablevisión was served notice of a decision rendered in re “Ombudsman of Buenos Aires v. Cablevisión S.A. on Complaint for the protection of constitutional rights Law 16,986 (Motion for Preliminary Injunction)” pending before Federal Court No. 2, Civil Clerk’s Office No. 4 of the City of La Plata in connection with the price of cable television subscriptions, whereby the court imposed a cumulative daily fine of Ps. 100,000 per day on Cablevisión.

Cablevisión appealed the fine on the grounds that Resolution No. 50/10 issued by Mr. Moreno, as well as its extensions and/or amendments were suspended, as mentioned above, by an injunction with respect to Cablevisión and its branches and subsidiaries prior to the imposition of the fine; pursuant to the collective injunction issued by the Federal Court of the City of Mar del Plata on August 1, 2011 in re “La Capital Cable and Others v. National Government and Others on Preliminary Injunction”. That injunction suspended the application of all the criteria set by the Secretariat of Domestic Trade under Mr. Guillermo Moreno.

The Federal Court of Appeals of the City of La Plata reduced the fine to Ps. 10,000 per day. Cablevisión filed an appeal against that decision in due time and form. On October 16, 2013, the Court of Appeals dismissed the appeal filed by Cablevisión. As of the date of these financial statements, Cablevisión had settled the fine in the amount of Ps. 1,260,000 and compliance was recorded in the file.

On June 11, 2013, Cablevisión was served notice of a resolution rendered in the above-mentioned case; whereby the court ordered the appointment of an expert overseer (*perito interventor*) specialized in economic sciences to: (i) verify whether or not the invoices corresponding to the basic cable television subscription issued by Cablevisión to subscribers domiciled in the Province of Buenos Aires, are actually prepared at the headquarters located at Gral. Hornos 690, and/or at Cablevisión’s branch offices, precisely detailing that process, (ii) identify the individuals responsible for that area, (iii) determine whether or not the administrative actions tending towards the effective compliance with the injunction issued on that case are underway, and (iv) identify the senior staff of Cablevisión that must order the invoice issuance area to prepare the invoices as decided under that injunction.

Cablevisión timely appealed the appointment of said expert on the same grounds stated above. This appeal is also pending before the Federal Court of Appeals of the City of La Plata.

For the purposes of enforcing the injunction, the court issued letters rogatory to the competent judge of the City of Buenos Aires. Upon the initiation of that proceeding, both the National Court on Federal Administrative Matters and the National Court on Federal Civil and Commercial Matters declined jurisdiction to enforce the injunction ordered by the Federal Judge of La Plata. Cablevisión has appealed the decision in connection with the lack of jurisdiction in due time and form. Chamber No. 1 of the National Court of Appeals on Federal Civil and Commercial Matters confirmed the appealed decision. Accordingly, Cablevisión will file an extraordinary appeal in due time and form to have the case decided by the Supreme Court of Argentina.

It should be noted that, in light of the corporate reorganization of Cablevisión, both parties requested the suspension of the procedural periods for 180 days. The judge granted such request. Therefore, the procedural periods were suspended until December 11, 2014. Given the decision rendered by the Supreme Court of Argentina in re “Municipality of Berazategui v. Cablevisión” mentioned below, the procedural periods remain suspended until the Federal Court of Mar del Plata renders a decision thereon.

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The file initiated by the Ombudsman before the Federal Court of La Plata, was sent to Mar del Plata, as established by the decision rendered in re Municipality of Berazategui v. Cablevisión referred to below, ordering that the preliminary injunction be revoked because it contradicts the injunction ordered in the proceeding initiated by ATVC.

After the Federal Court of the City of Mar del Plata issued its injunction, several Municipal Offices of Consumer Information ("OMIC", for its Spanish acronym) and several individuals filed claims requesting that Cablevisión comply with Resolution No. 50/10 and the subsequent resolutions that extended its effectiveness. In some cases, preliminary injunctions were granted. In every case, Cablevisión appealed such preliminary injunctions alleging that Resolution No. 50/10, as amended, and/or the subsequent resolutions that extended its effectiveness, had been suspended with respect to Cablevisión, its branches and subsidiaries prior to the issuance of such preliminary injunctions.

On September 23, 2014, the Supreme Court of Argentina rendered a decision in re "Application for judicial review brought by the defendant in the case Municipality of Berazategui v. Cablevisión S.A. on claim for the protection of constitutional rights (*acción de amparo*)" and ordered that the cases related to these resolutions continue under the jurisdiction of the Federal Court of Mar del Plata that had issued the decision on the collective action in favor of ATVC.

Decisions made on the basis of these consolidated financial statements should consider the eventual impact that the above-mentioned resolutions might have on Cablevisión and its subsidiaries, and the Company's consolidated financial statements should be read in light of such uncertainty.

- b. Pursuant to the Antitrust Law and to Broadcasting Law No. 22,285, the transactions carried out on September 26, 2006 that resulted in an increase in the indirect interest the Company held in Cablevisión to 60%, Cablevisión's acquisition of 98.5% of Multicanal and 100% of Holding Teledigital, and Multicanal's acquisition of PRIMA (from PRIMA Internacional (now CMD)), required the authorization of the CNDC (validated by the SCI), and the COMFER. On October 4, 2006, the Company, Vistone, Fintech, VLG and Cablevisión, as purchasers, and AMI CV Holdings LLC, AMI Cable Holdings Ltd. and HMTF-LA Teledigital Cable Partners LP, as sellers, filed for the approval of the acquisition. After several requests for information, the SCI issued Resolution No. 257/07, with a prior opinion of the CNDC in favor of the approval of the above-mentioned transactions and after consulting the COMFER and the SECOM, which did not raise any objections. The Company was served notice in this respect on December 7, 2007. Such Resolution was appealed by five entities. As of the date of these financial statements, the CNDC has dismissed the five appeals filed against the above-mentioned resolution. Four of those entities filed direct appeals before the judicial branch, but they were all dismissed.

On June 11, 2008, Cablevisión was served with a decision of the National Court of Appeals on Federal Civil and Commercial Matters revoking a decision rendered by the CNDC on September 13, 2007, whereby such agency had dismissed a claim filed by Gigacable S.A. prior to the December 7, 2007 decision referred to above. The Court of Appeals revoked CNDC's decision only with respect to matters relating to the conduct of Cablevisión and Multicanal prior to CNDC's authorization of the transactions on December 7, 2007, and ordered an investigation to determine whether a fine should be imposed on Cablevisión and Multicanal due to such conduct. As of the date of these financial statements, Cablevisión has filed its response, which is pending analysis by such agency.

- c. On December 15, 2008, the shareholders of Cablevisión approved the merger of Multicanal, Delta Cable S.A., Holding Teledigital, Teledigital, Televisora La Plata Sociedad Anónima, Pampa TV S.A., Construed S.A. and Cablepost S.A. into Cablevisión, whereby, effective as of October 1, 2008, Cablevisión, as surviving company, became the universal successor to all of the assets, rights and obligations of the merged companies.

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That process was granted administrative approval by the CNV and was registered with the Argentine Superintendency of Legal Entities (IGJ) under No. 9,448, Book 79 Volume – Stock Companies on June 7, 2016.

On September 8, 2009, Multicanal was served with CNDC Resolution No. 106/09, dated September 4, 2009, whereby the CNDC ordered an audit to articulate and harmonize the several aspects of Resolution No. 577/09 issued by the COMFER, whereby it had rejected the merger of Cablevisión and Multicanal, with Resolution No. 257/07 issued by the Secretariat of Domestic Trade. Resolution No. 106/09 also sets forth that the notifying companies shall not, from the enactment thereof and until the end of the audit and / or resolution of the CNDC, be able to remove or replace physical or legal assets.

Notwithstanding the required filings made by Cablevisión and its shareholders on December 7, 2007 (date on which the SCI granted authorization) to prove that they were complying with the commitment agreed with the CNDC, on September 23, 2009, the SCI issued Resolution No. 641, whereby it ordered the CNDC to verify compliance with the parties' proposed commitment by visiting the parties' premises, requesting reports, reviewing documents and information and carrying out hearings, among other things.

On December 11, 2009, Cablevisión notified the CNDC of the completion and corresponding verification of the fulfillment of the voluntary undertakings made by Cablevisión at the time of the enactment of SCI Resolution No. 257/07. On December 15, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions" (case 10,506/09), partially acknowledging the preliminary injunction requested by Grupo Clarín, and instructing the CNDC and the SCI to notify Grupo Clarín whenever their own verification of Cablevisión's fulfillment of its undertakings had been concluded, regardless of the result. Should such agencies have any observations, they should notify Grupo Clarín within a term of 10 days. On the same date, the CNDC issued Resolution No. 1,011/09 whereby it deemed Cablevisión's voluntary undertakings unfulfilled and declared the rescission of the authorization granted under Resolution No. 257/07.

On December 17, 2009, the National Court of Appeals on Federal Commercial-Criminal Matters, Chamber A, decided to suspend the term to appeal Resolution No. 1,011/09 until the main case was transferred back to the CNDC, considering it had been in such court since December 16, 2009.

On December 17, 2009, the CNDC notified Cablevisión of the initiation of the motion for execution of Resolution No. 1,011/09. On December 18, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued an injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", which suspended the effects of Resolution No. 1,011/09 until the notice set forth in the injunction of December 15, 2009 was served. Accordingly, the CNDC served notice to Cablevisión by means of Resolution No. 1,101/09.

On December 30, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", partially acknowledging Grupo Clarín's request and suspending the term for Grupo Clarín to respond to Resolution No. 1,101/09 until Grupo Clarín is granted access to the administrative proceedings related to the charges brought by the CNDC in its Opinion No. 770/09 (on which Resolution No. 1,011/09 was based).

On February 19, 2010, Cablevisión requested the nullification of the notice, and as a default argument, submitted the response requested under Resolution No. 1,101/09. On February 26, 2010, the National Court of Appeals on Federal Commercial-Criminal Matters approved the recusation filed by Cablevisión and excluded the Secretariat of Domestic Trade from the proceedings.

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On March 3, 2010, the Argentine Ministry of Economy and Public Finance issued Resolution No. 113 (subscribed by the Minister of Economy, Dr Amado Boudou) rejecting the request for the nullification of Resolution No. 1,011/09, the requests for abstention and excusation of certain officials, and all the evidence produced in connection with such request for nullification. The voluntary undertakings made by Cablevisión under Resolution No. 257/07 were deemed unfulfilled, thus declaring the rescission of the authorization granted under such resolution. The parties involved were ordered to take all necessary actions to comply with such rescission within a term of six months, and to inform the CNDC about the progress made in that respect on a monthly basis. Such resolution was appealed in due time and form. The appeal was granted without staying the execution of judgment.

On April 20, 2010, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters granted the appeal filed by Grupo Clarín S.A. in re “Grupo Clarín on delay in the appeal of the proceedings”, and decided that the appeal granted by the CNDC to Grupo Clarín S.A. against Resolution No. 113/10 had the effect of staying such resolution. The National Government filed an appeal asking that the Court of Appeals revoke its own decision with respect to the effect granted to the April 20 decision, and that it decline its jurisdiction. It also filed an appeal to have the case brought before the Supreme Court. Both appeals were dismissed. Chamber No. 2 requested the administrative file to consider the appeal and render its decision.

On September 17, 2015, the Court rendered a decision in favor of Cablevisión, revoking Resolution No. 113/10 in its entirety. Both parties were served with the decision on that same date.

The National Government - Ministry of Economy filed an appeal to have the case brought before the Supreme Court, which was substantiated in February 2016.

Subsequently, in March 2016, the appeal filed by the National Government - Ministry of Economy and Public Finance was dismissed. Therefore, SCI Resolution No. 257/07 and the effects of the authorization are in full force and effect to date.

On March 31, 2016, the National Government – Ministry of Economy and Public Finance filed a direct appeal before the Supreme Court of Argentina.

Subsequently, the National Government abandoned the Direct Appeal and the Supreme Court deemed it abandoned on June 7, 2016. Therefore, MECON Resolution No. 113/10 is considered to be null and void.

- d. On May 31, 2012, Cablevisión was served notice of Resolution No. 16,819 dated May 23, 2012 whereby the Argentine Securities Commission (CNV, for its Spanish acronym) ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged failure to comply with the duty to inform. The CNV considers that Cablevisión failed to comply with its duty to inform because the investor community was deprived of its right to become fully aware of the grounds of a decision rendered by the Federal Court of Mendoza and the scope of the powers granted by that court to the co-administrator appointed in re “Supercanal S.A. v. Cablevisión S.A. on protection of constitutional rights”, in addition to the fact that other self-regulated authorities were allegedly not notified of the information furnished by Cablevisión. On June 25, 2012, Cablevisión filed a response requesting that its defenses be sustained and all charges dismissed. On February 6, 2014 Cablevisión submitted the legal brief for the purpose of discussing the evidence submitted under File No. 171/2012. Now the CNV’s Board of Directors has to render its decision. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of the said summary proceedings will be favorable to Cablevisión.

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- e. Pursuant to CNV Resolution No. 16,834 dated June 14, 2012 notified to the Company on June 27, 2012, the CNV ordered the initiation of summary proceedings against the Company and the members of its Board of Directors, Supervisory Committee and Audit Committee in office at the time of the occurrence of the events that motivated the proceedings (September 19, 2008) for alleged failure to comply with the duty to inform. Under said Resolution, the CNV argues that the Company allegedly failed to comply with the duty to disclose the filing of a claim against it entitled “*Consumidores Financieros Asociación Civil para su defensa and other v. Grupo Clarín on/Ordinary*”, which the CNV considers relevant. On July 25, 2012, Cablevisión filed a response petitioning that its defenses be sustained and that all charges against it be dismissed. The legal brief on the evidence has been submitted. The Company and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, the Company cannot assure that the outcome of said summary proceedings will be favorable.
- f. The Executive Branch of Uruguay issued Decree No. 73/012, published in the Official Gazette on March 16, 2012, whereby it expressly repealed Decree No. 231/011, which had revoked certain signals' broadcast frequencies. However, the new decree ratified and repeated – virtually in identical terms - the decree that was being repealed, and added certain provisions that caused further detriment to the two affected companies with which a subsidiary of Cablevisión has contractual arrangements in place. Consequently, on March 23, 2012 the affected companies filed an appeal requesting that Decree No. 73/012 be revoked. The appeal is still pending resolution.

In May 2012, the aforesaid companies brought a legal action with the Court in Administrative Litigation Matters requesting the nullification of the resolution and the suspension of its execution. This motion to suspend the execution of the challenged resolution was brought as a separate case, and progressed through the corresponding instances. The Office of the Attorney General for Administrative Litigation Matters, in its opinion No. 412/013 advised the Court on Administrative Litigation Matters to grant the motion to suspend the execution of the challenged resolution for formal reasons, but the Court dismissed the motion of suspension. Notwithstanding the foregoing, as of the date of these financial statements, the governmental authorities have not yet enforced the decree.

On September 30, 2014, the Court on Administrative Litigation Matters through its decisions No. 416/2014 and No. 446/2014 revoked for formal reasons Decrees No. 73/012 and No. 231/011, respectively.

On March 9, 2015, Decree No. 82/015 was published in the Official Gazette, whereby the Executive Branch 1) repealed Decree No. 73/012; 2) 16 common stations are awarded to be held in common (the same stations) by BERSABEL S.A. and VISION SATELITAL S.A. for a term of 15 years: Two of the 16 stations are awarded on a secondary basis, which means that they may be exposed to interferences and they do not have the right to bring any claim in connection thereto; 3) use of existing stations must cease within 18 months of their award to mobile service operators; 4) both companies are expressly authorized to increase the number of TV signals (stations) included in their respective services making use of digitization techniques; 5) both companies shall submit before the Communication Services Regulatory Agency (“URSEC”, for its Spanish acronym), within a fixed term of 60 calendar days as from the date of publication of the Decree, a technical plan for the migration and release of stations, which plan shall be assessed and approved by such agency (such plan was submitted on May 7, 2015); 6) the Bidding Terms governing the bid for frequency bands that were owned by both companies shall include an economic compensation mechanism for both companies to cover the expenses incurred in adapting their systems to the new stations awarded to them, in the amount of USD 7,000,000.

Even though both companies' request for the annulment of Decree No. 153/012 was granted for formal reasons (failure to serve prior notice) by the Court on Administrative Litigation Matters (decision 455 of June 11, 2015), this decision does not change prior considerations about the terms of Decree No. 82/015 with respect to both companies due to the fact that Decree No. 305/015 (which substituted Decree No. 153/012) confirmed the allocation of channels 21 through 36 (512 MHz - 608 MHz) and 38 through 41 (614 MHz -

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638 MHz), of 6 MHz each, in the UHF band exclusively for rendering accessible, free, digital broadcast television services all over the country, except for channels 35 (596-602 MHz), 36 (602-608 MHz) and 38 through 41 (614-638 MHz) only in the geographic area for which BERSABEL S.A. and VISION SATELITAL S.A. had received authorization, which will be used solely for rendering television services to subscribers through the codified UHF system, as it had been previously and expressly stated in Section 5 of Decree No. 82/015 (which repealed and amended the language of Section 1 of the above-mentioned Decree No. 153/012).

- g. On June 4, 2012, the Federal Court of Appeals of Rosario partially confirmed SCI Resolution No. 219/2010, whereby the Secretariat of Domestic Trade found that Cablevisión and Multicanal had engaged in market sharing practices in connection with the paid-television service in the City of Santa Fe and reduced the fine imposed on each of the companies involved from Ps. 2.5 million to Ps. 2 million. However, this decision is not yet final, because Cablevisión and Multicanal and the Ministry of Economy filed appeals, which are still pending before that Court of Appeals. On October 21, 2014, the Argentine Supreme Court dismissed the appeals; therefore, Resolution No. 219/10 became final.

The case is currently pending with the Court of Appeals of Rosario, which shall order its referral to the SCI. The SCI, in turn, shall serve notice to the companies involved in order for them to pay the fine.

- h. On March 1, 2011, the SCI served notice to Multicanal and Cablevisión of Resolution No. 19/11 whereby the Secretariat of Domestic Trade found that both companies had engaged in market sharing practices in connection with the paid-television service in the City of Paraná and imposed a fine of Ps. 2.5 million on each of them. Cablevisión filed an appeal in due time and form. This appeal was dismissed by the Federal Court of Appeals of Paraná. Therefore, Cablevisión filed an appeal with the Argentine Supreme Court. On November 4, 2011, the appeal of SCI Resolution No. 19/11 filed by Cablevisión with the Supreme Court was partially granted by the Federal Court of Appeals of Paraná.

On August 30, 2012, the Argentine Supreme Court dismissed the appeal filed by Cablevisión; therefore, Resolution No. 19/11 became final. The case is currently pending with the Court of Appeals of Paraná, which shall order its referral to the SCI. The SCI, in turn, shall serve notice to the companies involved in order for them to pay the fine.

- i. Cablevisión, by itself and as successor of Multicanal's operations after the merger, is a party to several administrative proceedings under the Antitrust Law, facing charges of anticompetitive conduct, including territorial division of markets, price discrimination, abuse of dominant position, refusal to deal and predatory pricing, as well as a proceeding filed by the *Cámara de Cableoperadores Independientes* (Chamber of Independent Cable Operators), challenging the transactions consummated on September 26, 2006. While Cablevisión believes that its conduct and that of Multicanal have always been within the bounds of the Argentine Antitrust Law and regulations and that their positions in each of these proceedings are reasonably grounded, it can give no assurance that any of these cases will be resolved in its favor.
- j. On January 22, 2010, Cablevisión was served notice of CNDC Resolution No. 8/10 issued within the framework of file No. 0021390/2010 entitled "Official Investigation of Cable Television Subscriptions (C1321)". Pursuant to this Resolution, Cablevisión, among other companies, was ordered to refrain from conducting collusive practices and, particularly, from increasing the price of cable television subscriptions for a term of 60 days, counted as from the date compliance with all required notices is certified in the records of the case. As established by that Resolution, companies that have already increased the price of the subscriptions shall return to the price applicable in November 2009 and maintain such price for the above-mentioned term.

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On February 2, 2010, by means of Resolution No. 13/10, the CNDC ordered Cablevisión to refund to its subscribers in the March 2012 invoices the amount of any price increase made after the date of CNDC Resolution No. 8/10.

Cablevisión appealed both resolutions in due time and form and their effects were suspended by an injunction issued by Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters at the request of Cablevisión. The National Government filed an appeal with the Supreme Court against this decision, and the appeal has been dismissed.

On October 4, 2011, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters granted the appeal filed against both decisions in re “Cablevisión and Other on Appeal against the Decision rendered by the National Antitrust Commission” (File 1,473/2010), declaring Resolution No. 8/10 moot and nullifying Resolution No. 13/10.

The National Government filed an appeal with the Supreme Court of Argentina against the decision rendered by Chamber No. 2, which was granted, but it was dismissed by the Supreme Court of Argentina.

k. On October 28, 2010, Cablevisión was served notice of the National Administration of Domestic Trade’s resolutions imposing two fines of Ps. 5 million each, for allegedly failing to observe the typographic character requirements under applicable regulations (Resolution 906/98) when informing its subscribers of the increase in the price of their cable television subscriptions. Cablevisión appealed the fines on November 12, 2010 because it believes it has strong grounds in its favor. However, it cannot assure that the outcome will be favorable. One of the files was assigned No. 1280 and is pending before Chamber No. 1 of the Federal Administrative Court of Appeals, and the other one was assigned No. 1,278 and is pending before Chamber No. 5 of the Federal Administrative Court of Appeals.

l. The litigation brought before the Civil, Commercial, Mining and Labor Court of the City of Concarán, Province of San Luis, in early 2007 in re “Grupo Radio Noticias SRL v. Cablevisión and others”, is still pending before the Federal Court in Administrative Matters No. 2.

The purpose of that claim was to challenge the share transfers mentioned in Note 8.1.c. and to request the revocation of Cablevisión’s broadcasting licenses. Cablevisión has responded to such claim and believes it is very unlikely that it will be admitted. The claimant has abandoned the claim it had brought, and the claimant’s attorney must provide evidence of his attorney powers.

m. The Government of the City of Mar del Plata enacted Ordinance No. 9163, governing the installation of cable television networks. Such ordinance was amended and restated by Ordinance No. 15,981 dated February 26, 2004, giving cable companies until December 31, 2007 to adapt their cable networks to the new municipal requirements. The ordinance sets forth that in those areas where street lighting has underground wiring, cable television networks are to be placed underground. In this sense, the Executive Department of the Municipality of General Pueyrredón has submitted to the Municipal Council a proposed ordinance extending the term provided until December 31, 2015. Such ordinance is ready for discussion by legislators. Even though the ordinance provides for certain penalties that may be imposed, the City has not imposed such penalties to cable systems that are not in compliance with such ordinance.

n. On November 27, 2012 the National Administration of Domestic Trade served Cablevisión with Resolution No. 308/2012, whereby it imposed a Ps. 5 million fine on that company alleging that it had failed to comply with Section No. 4 of the Antitrust Law (increase in the subscription price of cable television services/wrongful information provided by Customer Service, which informed by mail that SCI Resolution No. 50/10 and the supplementing resolutions are suspended on grounds of unconstitutionality, when in fact they have been suspended by an injunction). On December 11, 2012 Cablevisión appealed Resolution No. 308/2012. The administrative file No. S01:0312056/2011 was sent by the National Administration of

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Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 1 in re "Cablevisión SA v. DNCI Res. 308/12 and Other" (File 140/13). A decision has not been rendered yet.

Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the revocation of the fine will be resolved in its favor.

- o. On July 5, 2013, the National Administration of Domestic Trade served notice to Cablevisión of Resolution No. 134/2013, whereby it imposed a fine of Ps. 500,000 for breach of Section 2 of Resolution ex S.I.C. y M. No. 789/98, which regulates the Business Loyalty Law No. 22,802. Cablevisión appealed that resolution on July 16, 2013. The administrative file was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 3 in re "Cablevisión SA v. DNCI Res. 134/13 and Other" (File 36044/13). On May 20, 2014, Chamber No. 3 partially granted the appeal filed by Cablevisión and reduced the fine to Ps. 300,000 and ordered that each party shall bear its own legal costs. On June 9, 2014, Cablevisión filed an appeal with the Argentine Supreme Court. On September 18, 2014, Cablevisión was served notice of the extraordinary appeal filed by the National Government, and on October 2, 2014 that company filed a response. On October 9, 2014, the Chamber dismissed both appeals.

On October 08, 2010, the National Administration of Domestic Trade served notice to Cablevisión of Resolution No. 697/2010, whereby it imposed a fine of Ps. 500,000 for breach of Section 21 of the Business Loyalty Law No. 22,802. Cablevisión appealed that resolution on October 26, 2010. The administrative file was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 3 in re "Cablevisión SA v. DNCI Res. 697/2010 (File S01:80822/10) and Other" (File 1,277/2011). On December 29, 2011 the Court of Appeals dismissed the appeal filed by Cablevisión, and imposed court costs on Cablevisión. On February 22, 2012, Cablevisión filed an appeal with the Argentine Supreme Court. The appeal was dismissed by the Chamber on April 10, 2012. On April 26, 2012, Cablevisión filed an appeal against the above-mentioned dismissal. The Supreme Court of Argentina granted the appeal and revoked the decision against which Cablevisión had filed the appeal with legal costs to be borne by the National Administration of Domestic Trade, and ordered that the case be sent back to the court of first instance for it to render a new decision based on the precedent indicated in its ruling.

- p. On March 16, 2012, CNV issued Resolution No. 16,765 whereby it ordered the initiation of summary proceedings against Cablevisión, its directors and members of the Supervisory Committee for an alleged failure to comply with the duty to inform. The CNV considers that Cablevisión failed to comply with its duty to inform because the investor community was deprived of its right to become fully aware of the Decision rendered by the Supreme Court of Argentina in re "Application for judicial review brought by the National Government Ministry of Economy and Production of the case Multicanal S.A. and other v/CONADECO Decree No. 527/05" and other, and also considers that Cablevisión did not disclose certain issues related to the information required by the CNV in connection with its Class 1 and 2 Noteholders' Extraordinary Meetings held on April 23, 2010. On April 04, 2012, that company filed a response requesting that its defenses be sustained and that all charges against it be dismissed. The discovery stage has been closed and the company submitted the legal brief. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of said summary proceedings will be favorable.
- q. On August 28, 2015, Cablevisión was served notice of Resolution No. 17,769 dated August 13, 2015 whereby the CNV ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged delay in the submission of the required documentation. The CNV considers that Cablevisión failed to comply with effective regulations because it filed certain documentation outside the regulatory term set by CNV rules

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(as restated in 2013, as amended). Cablevisión, as well as its directors, members of the Supervisory Committee and Head of Market Relations filed a response in due time and form requesting that its defenses be sustained and all charges dismissed. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of the said summary proceedings will be favorable to Cablevisión. On January 20, 2016, the preliminary hearing was held pursuant to Section 138 of Law No. 26,831 and Article 8, Subsection b.1. of Section II, Chapter II, Title XIII of the Regulations (T.R. 2013).

8.2 Claims and Disputes with Governmental Agencies

- a. In connection with the decisions made at the Company's Annual Ordinary Shareholders' Meeting held on April 28, 2011, on September 1, 2011 the Company was served with a preliminary injunction in re "National Social Security Administration v. Grupo Clarín S.A. re ordinary proceeding" whereby the Company may not in any way dispose, in part or in whole, of the Ps. 387,028,756 currently recorded under the retained earnings account, other than to distribute dividends to the shareholders.

On the same date, the Company was served with a claim brought by Argentina's National Social Security Administration requesting the nullity of the decision made on point 7 (Appropriation of Retained Earnings) of the agenda of the Annual Ordinary Shareholders' Meeting held on April 22, 2010. As of the date of these financial statements, the Company has duly answered the complaint, the parties have produced evidence and made allegations.

On November 1, 2011, the CNV issued Resolution No. 593, which provides that at shareholders' meetings in which financial statements are considered shareholders must expressly decide to, either distribute as dividends any retained earnings that are not subject to distribution restrictions and that may be disposed of pursuant to applicable law or capitalize such retained earnings and issue shares, or appropriate them to set up reserves other than legal reserves, or a combination of the above.

On July 12, 2013 the Company was served notice of Resolution No. 17,131; dated as of July 11, 2013 whereby the CNV declared that the administrative effects of the decisions adopted at the Annual General Ordinary Shareholders' Meeting held on April 25, 2013 were irregular and ineffective, based on allegations that are absolutely false and irrelevant. According to the Company and its legal advisors, Resolution No. 17,131 is, among other things, null and void, because it lacks sufficient grounds and its enactment is a clear abuse of authority and a further step in the National Government's attempt to intervene in the Company. On October 11, 2013 Chamber No. 5 of the National Court of Appeals on Federal Administrative Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. CNV – Resol No. 17.131/13 (File 737/13)" File No. 29,563/2013, whereby it suspended the effects of Resolution No. 17.131/2013 dated July 11, 2013 which had rendered irregular and with no effect for administrative purposes the Company's Annual Ordinary Shareholders' Meeting held on April 25, 2013. As of the date of these financial statements, the preliminary injunction is still in effect.

In August 2013 the Company was served with a nullification claim brought by Argentina's National Social Security Administration relating to the Annual Ordinary Shareholders' Meeting held on April 28, 2011 whereby it requested the nullity of all the decisions made at such meeting and, as a default argument, the nullity of the decisions made on points 2, 4 and 7 of that meeting's agenda, as well as the nullity of the decisions made at the Extraordinary Meetings of Class A, B and A and B Shareholders. As of the date of these financial statements, the Company had duly answered the complaint.

On September 17, 2013 the Company was served with a nullification claim brought by Argentina's National Social Security Administration relating to the Annual Ordinary Shareholders' Meeting held on April 26, 2012 whereby it requested the nullity of all the decisions made at such meeting and, as a default argument, the nullity of the decisions made on points 8 and 4 of that meeting's agenda, as well as the nullity of the

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decisions made at the Extraordinary Meetings of Class A, B and A and B Shareholders. As of the date of these financial statements, the Company had duly answered the complaint.

On March 21, 2014, the Company was served notice of a claim brought by Argentina's National Social Security Administration in re "National Social Security Administration v. GRUPO CLARÍN S.A. on Ordinary Proceeding" File No. 74,429, pending before the National Court of First Instance on Commercial Matters No. 17, Clerk's Office No. 34. This claim seeks to nullify and challenge the corporate decisions made at the Shareholders' Meeting held on April 25, 2013 and those made at the Board of Directors' Meeting held on April 26, 2013. As of the date of these financial statements, a response to the claim had been filed.

On September 16, 2014, the Company received a communication from its controlling shareholder, GC Dominio S.A., whereby that company informed that it had been summoned to court as a third party in re "National Social Security Administration v. Grupo Clarín S.A. on Ordinary Proceeding", pending before the National Court of First Instance on Commercial Matters No. 17, Clerk's Office No. 33. As of the date of these financial statements and as informed by GC Dominio S.A., that company has filed a response to the above-mentioned claim.

According to the Company and its legal advisors, the outstanding claims requesting the nullification of the Shareholders' Meetings have no legal grounds. Therefore, they believe that the Company will not have to face adverse consequences in this regard.

- b. The Argentine Federal Revenue Service ("AFIP") served the subsidiary CIMECO with a notice challenging its income tax assessment for fiscal years 2000, 2001 and 2002. In such notice, the AFIP challenged mainly the deduction of interest and exchange differences in the tax returns filed for those years. If AFIP's position prevails, CIMECO's maximum contingency as of December 31, 2016 would amount to approximately Ps. 12.3 million for taxes and Ps. 42.7 million for interest.

CIMECO filed a response, which was dismissed by the tax authorities. The tax authorities issued their own official assessment and imposed penalties. CIMECO appealed the tax authorities' resolution before the National Tax Court on August 15, 2007.

During the year ended December 31, 2010, CIMECO received a pro forma income tax assessment from the AFIP for fiscal periods 2003 through 2007, as a consequence of AFIP's challenge to CIMECO's income tax assessments for the periods 2000 through 2002 mentioned above. CIMECO filed a response before AFIP, rejecting such assessment and requesting the suspension of administrative proceedings until the Federal Tax Court renders its decision on the merits.

During 2011, the AFIP served CIMECO with a notice stating the income tax charges assessed for years 2003 through 2007 and ordering the initiation of summary proceedings. The AFIP's assessment shows a difference in its favor in the Income Tax liability for the periods indicated above for an amount in excess of the amount that had been estimated originally, as a result of the method used to calculate certain deductions. CIMECO responded to the assessment rejecting all of the adjustments and requesting that the proceedings be rendered without effect and filed, with no further actions to be taken.

On April 26, 2012, the AFIP issued a new official assessment comprising the fiscal years 2003 through 2007, in which it applied the same method for the calculation as that used for the administrative settlement, claiming a total liability of Ps. 120 million. On May 21, 2012, an appeal was filed with the Federal Tax Court.

CIMECO and its legal and tax advisors believe CIMECO has strong grounds to defend the criteria adopted in their tax returns and that AFIP's challenges will not be admitted by the Federal Tax Court. Accordingly, CIMECO has not booked an allowance in connection with the effects such challenges may have.

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- c. On September 10, 2010, the AFIP served TRISA with a notice with objections to its income tax assessment, with respect to the application of the withholding regime set forth under the section following section 69 of the Income Tax law, for fiscal years 2004, 2005 and 2006. If AFIP's position prevails, TRISA's contingency would amount to approximately Ps. 28.9 million, out of which Ps. 9.3 million would correspond to taxes on dividend payments made during those years, Ps. 6.5 million to a 70% fine on the omitted tax, and Ps. 13.1 million to late-payment interest, calculated as of the date of the AFIP's tax assessment.

TRISA filed a response, which was dismissed by the tax authorities. On December 20, the tax authorities issued their own official assessment and imposed penalties. TRISA appealed the tax authorities' resolution before the National Tax Court on February 8, 2011.

TRISA and its legal and tax advisors believe that TRISA has strong grounds to defend its position and that AFIP's challenges will not be admitted by the Federal Tax Court. Accordingly, TRISA has not booked a provision in connection with the effects such challenges may have.

- d. On August 13, 2012, the parent company GC Dominio S.A. was served notice of a claim brought by the Argentine Superintendency of Legal Entities (IGJ) whereby that agency seeks to annul the registration with the Public Registry of Commerce of the appointment of GC Dominio S.A.'s authorities, approved at the Shareholders' Meeting held on May 17, 2011. The claim is pending before the Federal Court of First Instance on Commercial Matters No. 25, Clerk's Office No. 49 ("*Inspección General de Justicia v. Dominio S.A. on/Ordinary*", File No. 58652). The claim brought by the IGJ seeks to annul the registration with IGJ of the appointment of GC Dominio S.A.'s authorities, approved at the Annual General Ordinary Shareholders' Meeting of GC Dominio held on May 17, 2011. The appointment was registered with the IGJ on April 23, 2012 under No. 7147, Book No. 59 of Share Companies. According to the IGJ and as the case file is said to show, GC Dominio has allegedly failed to comply with certain regulations applicable to foreign shareholders upon registration of the appointment of authorities. Also within the framework of this claim, the Court issued an injunction in favor of the IGJ ordering that the existence of this claim be duly noted. The Chamber has confirmed the decision to order that the existence of this claim be duly noted.

GC Dominio S.A.'s legal advisors have strong grounds to argue that the resolution of IGJ's claim seeking the de-registration of the appointment of authorities has serious defects and infringes the guarantees of reasonableness and due process; a principle that derives from the constitutional guarantee of defense in court, which entails the right to be heard and to produce evidence to contradict a claim. GC Dominio S.A. has appealed such injunction because it considers that the IGJ has not shown that its legal arguments are, at least, plausible.

- e. As a result of a suspicious transaction report issued by the Argentine Federal Revenue Service ("AFIP") relating to transactions carried out between the Company and certain subsidiaries, the Financial Information Unit ("FIU") pressed criminal charges for alleged money laundering. The action is now pending before Federal Court No. 9, under Dr. Luis Rodriguez. The FIU has pressed charges against the Company and its directors for alleged money laundering activities related to the trading of shares between the Company and some of its subsidiaries. The Company has appointed defense attorneys and has requested a copy of the file to understand the details of the charges. The FIU is acting as plaintiff in this case. One of the Company's directors made a spontaneous appearance and filed a response and produced documentary evidence. Certain charges pressed by Representative Di Tullio were also added to the case. In addition, the Prosecutor requested that the charges be investigated and that certain evidentiary measures be taken which have not yet been fulfilled as of the date of these financial statements.

In March 2014, the intervening prosecutor Miguel Angel Osorio broadened the request for evidence with regard to intercompany movements between Cablevisión and certain subsidiaries, all of which were regular and had been duly recorded.

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The Company and its legal advisors consider that there are strong arguments in the Company's favor, and have gathered evidence that supports the lack of involvement of anyone in any such unlawful maneuvers. However, they cannot assure that the outcome of this action will be favorable.

- f. By means of Resolution 16,364/2010, dated and notified to AGEA as of July 15, 2010, the CNV's Board of Directors decided to initiate summary proceedings against AGEA and certain current and past members of its board of directors and supervisory commission, for alleged infringement of the Argentine Business Associations Law, Decree No. 677/01 and Law No. 22,315. AGEA, and the current and past members of the Board of Directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses.
- g. The subsidiary AGEA received several inspections from the AFIP aimed at verifying compliance with the so-called competitiveness plans implemented by the National Executive Branch. After several reports issued by the AFIP and the corresponding Resolutions issued by the Ministry of Economy, such agencies allege that certain acts performed by AGEA during 2002 lead to the nullity of some of the benefits granted under said plans, including adjustments, for an estimated total amount of Ps. 65 million. In April 2013, AGEA was served with AFIP Resolution No. 03/13, whereby such agency decided to exclude AGEA from the Registry of Beneficiaries of the Competitiveness and Employment Generation Agreements under the Cultural Sector Agreement, as from March 4, 2002. The AFIP ordered the restatement of the tax returns and the remittance of the corresponding amounts. AGEA filed an appeal against such resolution. Notwithstanding the foregoing, in re "AEDBA and Other v. Ministry of Economy Resolution No. 58/10", the Federal Court on Administrative Matters No. 6 issued an injunction ordering AFIP to refrain from initiating and/or continuing with the administrative proceeding/s and/or any act that would entail the enforcement of the amounts payable under Resolution No. 3/13, until a final decision is rendered. Notwithstanding the foregoing, AGEA cannot assure that the appeal will be resolved in its favor.
- h. On April 9, 2013, Cablevisión was served notice of AFIP Resolution No. 45/13 dated April 3, 2013, whereby such agency imposed penalties in a summary proceeding against that company with respect to compliance with General Resolution No. 3,260/12. Cablevisión filed an appeal, which has staying effects on the execution of those penalties.
- i. Pursuant to Resolution No. 17,522 issued on September 18, 2014 and notified to AGEA on September 24, 2014, the Board of Directors of the CNV decided to initiate summary proceedings against AGEA, certain current and past members of its Board of Directors and supervisory commission –who occupied those positions between September 19, 2008 and the present date- and against that company's Head of Market Relations, for an alleged failure to comply with the duty to inform that AGEA was a co-defendant in re "CONSUMIDORES FINANCIEROS ASOCIACION CIVIL PARA SU DEFENSA AND OTHER V. GRUPO CLARIN S.A. AND OTHER on EXPEDITED SUMMARY PROCEEDING" (File No. 065441/08). The summary proceeding is grounded on an alleged failure to comply with Article 5, subsection a), the first part of Article 6 and Article 8, subsection a) part V) of the Annex to Decree No. 677/01; with Articles 1, 2 and 3, subsection . 9) of Chapter XXI of the REGULATIONS (T.R. 2001 as amended) –now Article 1 of Section I, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Articles 2 and 3 subsection . 9) of Section II, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Article 11 subsection . a.12) of Chapter XXVI of the REGULATIONS (T.R. 2001 as amended) –now Article 11 subsection 13) of Section IV, Chapter I, Title XV of the REGULATIONS (T.R. 2013 as amended); with Article 99 and 100 of Law No. 26,831; and with Articles 59 and 294 subsection . 9) of Law No. 19,550. AGEA, and the current and past members of the Board of Directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses. On February 11, 2015, the preliminary hearing was held pursuant to Article 8, subsection b.1.), Title XIII, Chapter II, Section II of the Regulations (T.R 2013, as amended). On August 19, 2015, the company submitted the legal brief for the discovery stage.

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- j. On February 27, 2013, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2008 and ordering the initiation of summary proceedings for alleged omitted taxes. The AFIP mainly challenged the deduction of certain expenses and fees, as well as the calculation of the corresponding tax credit. IESA filed an appeal in connection with such order, which is currently pending before the National Tax Court. The official assessment amounts to Ps. 1.4 million for income tax and Ps. 2.8 million for late-payment interest, calculated as of December 31, 2016.

The official value-added tax assessment amounts to Ps. 0.8 million for tax differences and Ps. 1.8 million for late-payment interest, calculated as of December 31, 2016.

On October 21, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2009 and ordered the initiation of summary proceedings for alleged omitted taxes. In this case, the AFIP mainly challenged the deduction of fees, as well as the calculation of the corresponding tax credit. IESA filed an appeal in connection thereto, which is currently pending before the National Tax Court. The official assessment amounts to Ps. 1.2 million for income tax and Ps. 2.8 million for late-payment interest, calculated as of December 31, 2016.

The official value-added tax assessment amounts to Ps. 0.5 million for tax differences and Ps. 1.2 million for late-payment interest, calculated as of December 31, 2016.

IESA and its legal and tax advisors believe that it has strong arguments in its favor to defend the criterion adopted in its tax returns.

8.3 Other Claims and Disputes

- a. On June 22, 2007, TSC executed several documents with AFA, applicable from the 2007/2008 until the 2013/2014 soccer seasons, whereby TSC held all the broadcasting rights for ten of the Argentine soccer first division official tournament matches played each week.

On August 13, 2009 AFA notified TSC of its decision to terminate unilaterally the above-mentioned agreement. TSC challenged AFA's unilateral termination of the agreement and, in order to safeguard its rights, on June 15, 2010 it brought a legal action against AFA before a commercial court for contractual breach and damages.

AFA summoned the National Government as a third party, and the National Government was incorporated to the proceedings. The National Government requested that the case be submitted to the Court on Federal Administrative Matters. The request was dismissed by the Commercial Court of Appeals, which ratified the jurisdiction of the Commercial Court.

The National Government filed an appeal in connection with the jurisdictional conflict, with the Supreme Court of Argentina, which dismissed the appeal and ordered that the file be submitted to the Court of First Instance. On September 5, 2016, the judge ordered discovery proceedings, and established that the hearing provided under Section 360 of the Civil and Commercial Procedure Code of Argentina would be held on June 5, 2017.

- b. On January 31, 2012, FADRA informed Grupo Carburando's subsidiary Mundo Show S.A. of the unilateral rescission of the agreement executed in 2006 whereby FADRA assigned to that company the rights comprising image, sound and static advertising of motor racing at the road racing events Turismo Carretera and TC Pista until December 31, 2015. Mundo Show S.A. has challenged and rejected FADRA's unilateral rescission of the agreement. In light of the events, Mundo Show S.A. will not be able to sell or export the audiovisual and static advertising rights of the above-mentioned motor racing events. Therefore, in 2012 an allowance was set up for impairment of goodwill and other assets related to such agreement of

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approximately Ps. 17 million. On July 17, 2013, some of the Company's subsidiaries executed an agreement in order to settle the legal actions brought as a consequence of the termination of TV broadcasting rights and sponsorship agreements relating to the Turismo Carretera and TC Pista road racing events, whereby FADRA undertook to pay damages for an aggregate and final amount of Ps. 16.5 million in 23 monthly and consecutive installments. In addition, it assigned all of its equity interest in TCM, which represents 20% of its capital stock and votes. The parties also settled the claims brought against FADRA in re "Mundo Show v. FADRA on pending cash collection, File No. 10041/2012", whereby FADRA paid Ps. 1.5 million in exchange for the dismissal of the legal actions.

- c. Pursuant to a notarial certificate issued on September 19, 2008, AGEA and the Company were served with a legal action brought by an entity representing consumers and alleged financial victims (and by six other individuals). Claimants are Multicanal noteholders who claim to be allegedly affected by Multicanal's APE. The claim is grounded on a Consumer Defense Law that, in general terms, provides for an ambiguous procedure that is very strict against the defendant.

The Company, AGEA and certain directors and members of the supervisory committee and shareholders have been served with the claim. After rejecting certain preliminary defenses presented by the defendants, such as the application of statutes of limitation and the failure to comply with prior mediation procedures, the claim followed ordinary procedure and the above-mentioned persons duly filed their respective responses.

- d. On September 16, 2010 the Company was served with a claim brought against it by *Consumidores Financieros Asociación Civil para su Defensa*. The plaintiff claims a reimbursement of the difference between the value of the shares of the Company purchased at their initial public offering and the value of the shares at the time a decision is rendered in the case. The Company has duly responded to the claim and the intervening Court has deemed the claim responded.
- e. On April 25, 2013 Grupo Clarín S.A. held its Annual Ordinary Shareholders' Meeting. As a result of the issues raised at this Meeting, some of the permanent directors informed the Company that they had pressed criminal charges against the representatives of the shareholder ANSES and of the CNV (Messrs. Reposo, Kicillof, Moreno, Vanoli, Fardi and Helman) for making statements and intellectual constructions which, under the appearance of being included in the new regulations of the Argentine Capital Markets Law, only sought to discredit the Board of Directors and caricature its management, creating pretexts that may lead to an intervention of the Company without judicial control; pursuant to the new powers vested on the CNV by Capital Markets Law No. 26,831. On April 26, 2013, the Board of Directors decided to press charges on the same grounds.

Consequently, the Company sent a letter to the CNV, in which it clearly stated that what had happened at that Meeting could not be considered in any way as an acknowledgment of the legitimacy of the powers vested on the CNV by Law No. 26,831 and/or the regulations that may be issued in the future. The letter also stated that the Company reserved its right to file the pertinent legal actions at any time to request the declaration of the evident unconstitutionality of that law. It also requested the CNV to refrain from performing any act or issuing any resolution that would lead to the execution of the plan of which they had been accused before the courts.

- f. On May 30, 2013, Pem S.A. was served notice of a claim in re "TELEVISORA PRIVADA DEL OESTE S.A. v. GRUPO CLARÍN S.A. AND OTHERS on ORDINARY" File No. 99078/2011, which is pending before the Federal Commercial Court No. 16 of First Instance, Clerk's Office No. 32. The claim seeks damages resulting from certain decisions made with respect to Televisora Privada del Oeste S.A. Cablevisión and the Company, among others, are defendants in such lawsuit. Cablevisión was served with the claim and filed a response in due time and form. Notice of the claim is being served on the other co-defendants.

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According to the Company's legal advisors, the chances of success of the claim are low because the damages claimed are clearly overstated, the actual damage invoked does not exist and the claim is procedurally inappropriate, on both a factual and legal basis. Pem S.A. filed a response and the proceeding is now in the discovery stage. In view of the level of conflict that has arisen among the parties and the length of time it is taking to reach a solution, Cablevisión cannot ascertain the outcome of this claim.

- g. In March 2012, ARTEAR brought a summary action for the protection of constitutional rights against the National Government (Chief of the Cabinet of Ministers and Secretariat of Public Communication) and against Messrs. Juan Manuel Abal Medina and Alfredo Scoccimarro, in order to request that the National Government cease in the arbitrary and discriminatory allocation of official advertising with respect to Arte Radiotelevisivo Argentino S.A. ARTEAR requested (i) that the court order the maintenance of a balanced allocation with respect to the amount of official advertising received in previous years, and in particular prior to 2008, and with respect to the amount of official advertising allocated to other broadcasters of similar characteristics, and (ii) that the conduct of the above-mentioned officials be declared illegitimate, on account of their having abusively exercised their discretionary power to manage public funds destined to official advertising, discriminating against Canal 13, which is owned by ARTEAR.

On February 11, 2014, the Supreme Court of Argentina decided in re "Arte Radiotelevisivo Argentino S.A. v. National Government - Chief of the Cabinet of Ministers and Media Secretariat on summary action for the protection of constitutional rights (acción de amparo) Law No. 16,980" to confirm the decision rendered in that respect by Chamber No. 4 of the National Court of Appeals on Federal Administrative Matters. This Court admitted the summary action brought by ARTEAR and ordered the National Government to provide for the drafting and submission to the first instance court of a scheme for the allocation of official advertising that included the broadcasters with characteristics analogous to those of ARTEAR. Among those broadcasters, the Court of Appeals included América TV S.A. (Canal 2), Telearte S.A. (Canal 9), Televisión Federal S.A. (Canal 11), ARTEAR (Canal 13) and SNMP S.A. and RTA S.E. (Canal 7). The allocation scheme must faithfully conform to the guidelines of proportionality and equity set forth in the ruling. The term for submitting the allocation scheme was set at thirty days after that decision became final. After ARTEAR had filed several complaints denouncing non-compliance with the decision rendered by the Supreme Court, the judge of the National Court of First Instance on Federal Administrative Matters No. 12, Clerk's Office No. 23 admitted these complaints in June 2015. The judge held that the defendant had not complied with the Supreme Court's decision and ordered that it begin to comply going forward. As of the date of these financial statements, the National Government is complying with that decision.

- h. The claimants representing media companies in re "AEDBA and Other v. National Government – Decree No. 746/03 – AFIP on Incidental Procedure" pending before the Court on Federal Administrative Matters No. 4 requested that media companies represented by the claimants be granted the right to have a differential VAT regime as undertaken by the National Government under Decree No. 746/03 and the rules and regulations issued in connection thereto.

On October 30, 2003, a preliminary injunction was issued in connection with the above-mentioned file, ordering the National Government to maintain the effectiveness of the benefit granted under Decree No. 746/03. The National Government filed an appeal against that decision and on November 6, 2008, the Court of Appeals granted the request to have the injunction revoked, among other things. On November 27, 2008, the claimants filed an appeal with the Supreme Court of Argentina requesting the suspension of the enforcement of such ruling.

On October 28, 2014, the Supreme Court of Argentina issued a ruling in connection with the above-mentioned file, whereby it declared the appeal formally admissible and thus confirmed the effectiveness of the above-mentioned preliminary injunction. In the recitals of its ruling, the Supreme Court stated that: (i) as of the date of the decision, the Executive Branch had not yet established any regime to replace the so-called competitiveness and employment generation agreements; (ii) the differential VAT regime provided

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under Law No. 26,982 was only applicable to small media companies, not to all media companies; (iii) the tax policy must not be biased and cannot be used as a way to curtail freedom of speech; (iv) the alternative solution that had to be sought ruled out, as a matter of principle, the application of the general regime; (v) even though the merits have not been decided upon (differential VAT regime), the injunction that had been issued in connection thereof shall remain effective until such a solution to the matter is reached; (vi) the legal entities that met the obligations within the scope of the injunction shall not be deemed delinquent; and (vii) the judge of the first instance court shall render an urgent decision on the merits.

On December 10, 2014, the Federal Court on Administrative Matters No. 4 rendered a decision on the merits in re AEDBA and other v. National Government Decree No. 746/03 and other on Proceeding leading to a declaratory judgment” ordering, among other things, that: The claimants (media companies) have the standing to sue; that the judge cannot legislate because only the Legislative Branch is empowered to do so; that, pursuant to the enactment of Law No. 26,982, the obligation undertaken by the Executive branch has already been met since the differential VAT rates have already been set and, therefore, the claim is moot; that, based on the decision rendered by the Supreme Court of Argentina, the companies cannot be deemed delinquent.

Given the fact that the above-mentioned decision opposes and contradicts the grounds stated by the Supreme Court, the claimants (AEDBA, ARPA, ADIRA, as well as other associations) filed an appeal against the decision rendered by the above-mentioned court of first instance with the corresponding Court of Appeals. On October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters admitted the appeals filed by the claimants and revoked the decision rendered by the Court on Federal Administrative Matters No. 4, ordering that the effectiveness of the preliminary injunction be maintained and authorizing the calculation of employer’s contributions as tax credit on VAT until the Executive Branch complies with the provisions of Decree No. 746/03.

On December 3, 2015, the Supreme Court of Argentina dismissed the appeal filed by the Executive Branch. Therefore, the decision rendered by the Court of Appeals became firm and final.

As a result of the foregoing, AGEA and some of its subsidiaries and Radio Mitre started to calculate employer’s contributions as tax credit on VAT as from November 2014.

- i. On October 3, 2014, ARTEAR and some of its subsidiaries submitted a request to join the Association of Argentine Private Broadcasters (“ARPA”, for its Spanish acronym), which became effective as from June 2015. As a result of the above-mentioned incorporation, that company became eligible to enjoy the benefit, provided under Decree No. 746/03, of calculating employer’s contributions as tax credit on VAT.

ARPA is a party to “Association of Newspaper Publishers of the City of Buenos Aires (AEDBA, for its Spanish acronym) and other –ADIRA, AAER, ATA AND ARPA- v. National Government - Decree No. 746/03 - AFIP on Autonomous Preliminary Injunction”, in respect of which the Supreme Court of Argentina rendered a decision on October 28, 2014. These associations had requested a preliminary injunction ordering the Executive Branch to maintain the effectiveness of the benefit of calculating employer’s contributions as tax credit on VAT, pursuant to Decree No. 746/03, for the companies that belong to these associations, or else, as a default argument, ordering the AFIP to refrain from claiming payment on the corresponding taxes. In addition, the Court confirmed the decision on the extended preliminary injunction stating that, notwithstanding the decision, the claimants shall not be deemed delinquent within the framework of the preliminary injunction. On October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters admitted the appeals filed by the claimants and revoked the decision rendered by the Court on Federal Administrative Matters No. 4, ordering that the effectiveness of the preliminary injunction be maintained and authorizing the calculation of employer’s contributions as tax credit on VAT until the Executive Branch complies with the provisions of Decree No. 746/03.

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On December 3, 2015, the Supreme Court of Argentina dismissed the appeal filed by the Executive Branch. Therefore, the decision rendered by the Court of Appeals became firm and final.

As a result of the foregoing, ARTEAR and some of its subsidiaries started to calculate employer's contributions as tax credit on VAT as from July 2015.

- j. Cablevisión, together with its merged companies and ATVC, brought a claim requesting the Judicial Branch, through a final decision rendered in a contradictory trial, to declare: 1) that the National Government undertook the obligation to provide an alternative solution to the repeal of the regime established under Section 52 of Decree No. 1,387/01 for companies that render supplementary broadcasting services and cable television services, which shall contemplate the reasons for excluding these companies from the repeal of Decree No. 1,387/01 through Decree No. 746/03, and 2) that while the Government considers the situation of those companies to find such an alternative solution, it shall maintain the effectiveness of the regime established under Section 52 of Decree No. 1,387/01 (cfr. fs.2/12).

On October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters, in a single joint decision in re "AEDBA and other v. National Government - Decree No. 746/03 - AFIP on Incidental Procedure", decided that, among other things, even though ATVC was not among the claimants that had been granted an injunction in the other two above-mentioned related cases, the situation was also applicable to the sector encompassed by that association, therefore, the decision shall also apply to this association. Under these conditions, the claims brought by the claimants shall be admitted - in the joinder of the three claims - and the claimants and the companies represented by them are entitled to have a differential VAT regime applicable to the sectors involved which shall be created, enforced and regulated by the authorities duly empowered by the Constitution to such end. This regime shall guarantee the full exercise of the rights recognized under Section 14 of the National Constitution, as well as the maintenance of the exception provided under Section 2 of Decree N° 746/03 from the repeal of Section 52 of Decree No. 1,387/01. On December 3, 2015, the Supreme Court of Argentina dismissed the appeal filed by the Executive Branch. Therefore, the decision rendered by the Court of Appeals became firm and final.

As a result of the foregoing, Cablevisión and its subsidiaries started to calculate employer's contributions as tax credit on VAT as from September 2015. The amount calculated as of December 31, 2016 and 2015 was approximately Ps. 741.3 million and Ps. 237 million, respectively.

- k. In February 2016, Radio Mitre was served with a claim seeking to extend to Radio Mitre the bankruptcy of one of its subsidiaries, Cadena País Producciones Publicitarias S.A., in connection with a case pending before one of the National Courts of First Instance on Commercial Matters of the City of Buenos Aires. Our legal advisors believe that that company has sufficient legal and factual grounds to support its position contrary to that claim and, therefore, they do not foresee any adverse effects that may be derived from this situation.

8.4 Matters concerning Papel Prensa:

I. Papel Prensa has several disputes pending before the Commercial Court of Appeals of the City of Buenos Aires as a consequence of CNV Resolution No. 16,222. Pursuant to said Resolution, the CNV declared that certain decisions of Papel Prensa's Board of Directors were irregular and with no effect for administrative purposes. The Resolution challenged the Board's fulfillment of the formalities required in the preparation, transcription and execution of meeting minutes on the relevant corporate books. On June 24, 2010, in File No. 75,479/09, the Commercial Court of Appeals of the City of Buenos Aires, Chamber C, decided to nullify CNV Resolution No. 16,222. On the basis of Resolution No. 16,222, the CNV has questioned subsequent decisions

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of Papel Prensa's Board and of its Shareholders. In response, Papel Prensa has brought several administrative claims against the CNV, questioning its position. All of such claims were decided in Papel Prensa's favor by the Commercial Court of Appeals of the City of Buenos Aires. Consequently, the CNV's decisions were nullified. Furthermore, the Commercial Court of Appeals, Chamber C, dismissed the appeals filed by the CNV before the Supreme Court of Argentina against the Court of Appeals' decisions. The CNV filed a direct appeal before the Supreme Court.

As a consequence of the above, Papel Prensa has continued with the criminal proceedings brought against certain public officials.

On February 1 and 4, 2010, the Secretary of Domestic Trade, Mario G. Moreno, and the CNV, respectively, requested the judicial intervention of Papel Prensa before the commercial justice. Such claims were pending before the Federal Commercial Court of First Instance No. 2, Clerk's Office No. 4, temporarily under judge Dr. Eduardo Malde, who, on March 8, 2010, issued an injunction whereby he suspended certain decisions adopted at meetings of the Board of Directors and at Shareholders Meetings held on or after November 4, 2009. Judge Malde also appointed a co-administrator without removing the members of the previous corporate bodies. Papel Prensa filed an appeal, which the Commercial Court of Appeals, Chamber C, resolved in Papel Prensa's favor, by revoking the injunction on August 31, 2010. On December 7, 2010 the same Chamber C dismissed the appeals filed by the CNV and the National Government before the Supreme Court of Argentina against the Court of Appeals' decision. Both the CNV and the National Government filed direct appeals against such decision.

On March 26, 2014, the Supreme Court of Argentina dismissed the appeal that had been filed by the CNV. Therefore, the decision rendered by the Court of Appeals that nullified Resolution No. 16,222 became final, with full force and effect. Also on the same date, the Supreme Court of Argentina dismissed the appeals brought by CNV and the National Government. Therefore, the decision rendered by the Court of Appeals that revoked the corporate intervention of Papel Prensa became final, with full force and effect.

None of the claims mentioned in the above paragraphs had a material effect on AGEA's financial and economic condition as of December 31, 2016.

II. On January 6, 2010, the SCI issued Resolution 1/2010, whereby certain business practices were imposed on Papel Prensa. Papel Prensa brought a legal action against such resolution on grounds of unconstitutionality before the Federal Court on Administrative Matters and requested an injunction which was granted by the intervening judge. Pursuant to the injunction, the effects of such Resolution were suspended. On May 7, 2010, the Federal Court on Administrative Matters revoked the injunction. Papel Prensa appealed such decision, which was affirmed by the Federal Court of Appeals on Administrative Matters. Papel Prensa filed an appeal against the Court of Appeals' decision. The appeal was denied and Papel Prensa was served notice of that denial on September 1, 2010. On June 2, 2015, the dismissal of the claim brought by Papel Prensa against the constitutionality of Resolution No. 1/2010 became final. The court held that the claim became moot upon the enactment of Law No. 26,736. The Company understands that the substantive claim is now subject to the outcome of the claim brought by Papel Prensa against the constitutionality of Law No. 26,736, currently pending before the Federal Civil and Commercial Court.

III. Papel Prensa suspended its operations with related parties between March 9 and April 21, 2010 pursuant to an injunction issued on March 8, 2010 by Judge Malde. In his ruling, Judge Malde decided to suspend the Board of Directors' resolution of December 23, 2009, which had approved the terms and conditions of transactions with related parties for the year 2010. On April 21, 2010, the Board of Directors of Papel Prensa, following a proposal made by the court-appointed supervisor (interventor) and co-administrator, approved the resumption of such company's transactions with related parties under provisional conditions for as long as the decision rendered by the Board on December 23, 2009 remained suspended and/or until Papel Prensa's corporate bodies established a business practice to follow with related parties.

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Such approval involved suspending the application of volume discounts in connection with purchases made by related parties, which could be recognized in their favor, subject to the court's decision on the appeal filed by Papel Prensa against Judge Malde's injunction of March 8, 2010. As from April 21, 2010, transactions with related parties were resumed under the provisional conditions approved by the Board on April 21, 2010.

At a meeting held on December 23, 2010, Papel Prensa's Board of Directors approved new conditions that must be fulfilled for the recognition and payment of volume discounts that may be applicable to related parties in connection with purchases of paper made as from April 21, 2010. These new conditions are as follows: (i) the lifting of the provisional suspension of the resolutions adopted by the Board at the meeting of December 23, 2009, as explained in the previous paragraph, and (ii) the resolution or end, by any means, of any state of uncertainty that may eventually exist about the conditions approved by Papel Prensa's Board in the first item of the agenda of the meeting held on April 21, 2010, as a consequence of the claim brought by the National Government in re "National Government – Secretariat of Domestic Trade – v./ Papel Prensa S.A.I.C.F. y de M. on/ Ordinary", File No. 97,564, currently pending before Federal Commercial Court of First Instance No. 26, Clerk's Office No. 52. Under this proceeding, the National Government seeks to obtain, among other things, a declaratory judgment of nullity of the provisional conditions for the resumption of transactions with related parties in connection with the purchase and sale of paper that was approved by the Board of Papel Prensa in the first item of the agenda of the above mentioned meeting held on April 21, 2010.

Furthermore, at this meeting held on December 23, 2010, Papel Prensa's Board decided to maintain the approved sales policy, but to subject the accrual and enforceability, and, consequently, the recognition and payment to the clients, of the eventual volume discounts that may be applicable to them with respect to paper purchases made between January 1st, 2011 and December 31, 2011, to a final favorable ruling in the claim brought by Papel Prensa against the constitutionality of SCI Resolution No. 1/2010, or to the final nullification of such Resolution No. 1/2010 in any other way or by any other legal means, whichever occurs first. In view of the decisions rendered in this case, the substantive claim, in this aspect, is now subject to the outcome of the claim brought by Papel Prensa against the constitutionality of Law No. 26,736. With respect to related parties, the Board of Directors of Papel Prensa approved the same sales policy and conditions as those approved for the other customers in general.

In a meeting held on December 27, 2011, the Board of Directors of Papel Prensa decided to maintain for 2012 the same sales policy that had been approved for 2011 – under the same terms and conditions mentioned in the previous paragraph – for all of its customers in general (including related parties), which was maintained in subsequent years and, to date, no changes have been introduced.

The commercial policy approved by Papel Prensa was affected by Law 26,736 –effective as from January 5, 2012– which declared that the production, sale and distribution of wood pulp and newsprint were matters of public interest and set forth the regulatory framework to be adopted by the producers, sellers, distributors and buyers of such inputs. Among other things, the Law set limits and established conditions applicable to Papel Prensa for the production, distribution and sale of newsprint (including a formula to determine the price of paper), and created the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint where all producers, sellers, distributors and buyers shall be registered as a mandatory requirement in order to produce, sell, distribute, and/or purchase newsprint and wood pulp as from the enactment of the Law. It also contains a series of temporary clauses, specifically and exclusively addressed to Papel Prensa, whereby Papel Prensa is forced to make investments to meet the total national demand for newsprint – excluding from this requirement the other existing company that operates in the country with installed capacity to produce this input. The Law also provides for the capitalization of the funds eventually contributed by the National Government to finance these investments for the purposes of increasing the equity interest and the political rights of the National Government in Papel Prensa, contravening public order regulations contained in Law 19,550 and disregarding several constitutional rights and guarantees of Papel Prensa and its private shareholders.

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On February 10, 2012, AGEA registered with the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint (Record No. 63 in File No. S01:0052528/12), clearly stating that the decision to register shall not be construed as an acknowledgment or conformity with the legitimacy of Law 26,736, Resolution No. 9/2012 issued by the Ministry of Economy and Public Finance and SCI Resolution No. 4/2012 issued in connection with such Law and/or any other issued in the future, since they seriously affect several rights and guarantees of AGEA which are recognized and protected by the Argentine National Constitution.

IV. On September 12, 2011, the CNV issued Resolution No. 16,647 whereby it rendered irregular and with no effect for administrative purposes the decisions made by Papel Prensa's Board of Directors at the meetings held on July 20, 2011 and August 5, 2011. At those meetings, the Board of Directors had called two shareholders' meetings, to be held on September 27, 2011 and September 15, 2011, respectively. Notwithstanding the fact that Resolution No. 16,647 was appealed by Papel Prensa and is therefore not final, on September 15, 2011, Commercial Court No. 5, Clerk's Office No. 9, issued an injunction with respect to the Board of Directors' decisions to call the two shareholders' meetings. The injunction had been requested by the shareholders Arte Gráfico Editorial Argentino S.A., Compañía Inversora en Medios de Comunicación (CIMECO) S.A., and S.A. La Nación. Given that the issuance of the injunction validated Papel Prensa's decision to call the two shareholders' meetings, both were held as originally scheduled. Nevertheless, and based on the above Resolution No. 16,647, on October 13, 2011 the CNV issued Resolution No. 16,671 rendering irregular and with no effect for administrative purposes all of the decisions made at Papel Prensa's Shareholders' Meetings held on September 15, 2011 and September 27, 2011. Papel Prensa filed an appeal against Resolution No. 16,671, which is, therefore, not final. Also based on Resolution No. 16,647, on November 16, 2011, the CNV issued Resolution No. 16,691 whereby the CNV rendered irregular and with no effect for administrative purposes the decisions made at the Board of Directors' Meeting held on October 3, 2011 and the call for the Board of Directors' meeting on November 17, 2011. Such Resolution is not to be deemed final since Papel Prensa filed an appeal and requested its nullification. In this sense, of particular note is that: (i) at the hearing held before Federal Commercial Court No. 26 of First Instance, Clerk's Office No. 52, the National Government, Papel Prensa, AGEA, Compañía Inversora en Medios de Comunicación (CIMECO) S.A. and S.A. La Nación agreed, among other things, on the composition of the company's corporate bodies, and in particular on the recognition of the authorities appointed by the private shareholders at Papel Prensa's Shareholders' meeting held on September 27, 2011, as well as on the agenda to be addressed at the meeting of Papel Prensa's Board of Directors of October 3, 2011, which had been the subject matter of Resolution No. 16,691; and (ii) at the hearing held in April 2012 before the same Commercial Court the National Government, Papel Prensa, AGEA, Compañía Inversora en Medios de Comunicación (CIMECO) S.A. and S.A. La Nación, with the assistance of the Argentine Securities Commission, agreed to request the court to order a shareholders' meeting with an agenda substantially similar to that of Papel Prensa's Shareholders' Meeting held on September 27, 2011. The request was granted by the intervening judge and the meeting was scheduled for August 29, 2012. The meeting began on that date but, as a consequence of certain disturbances provoked by the representative of the National Government, the private shareholders that were present at the meeting decided to adjourn it for 48 hours without addressing the agenda. After that, and notwithstanding the resolution adopted at the meeting, on August 31, 2012 Judge O'Reilly decided to order that the adjourned meeting would resume on September 25, 2012. However, the meeting was not held because the Judge subsequently held that the appeals filed against other points of her decision resulted in the suspension of every point of the decision she had rendered, including the new date scheduled for the meeting, even though all appellants had consented to that point.

On June 12, 2014, the Court of Appeals decided to postpone rendering a decision on the appeals filed until the court-convened shareholders' meeting that began on August 29, 2012 had been resumed and closed, ordering Judge O'Reilly to decide on the pending issues and to order the shareholders to resume that meeting. On December 4, 2014, the Judge called Papel Prensa, the CNV, and the shareholders of AGEA, the National Government, SA La Nación and CIMECO to a hearing to be held on May 6, 2015, in order to proceed as ordered by the Court of Appeals. In light of the above, the new date to resume that meeting may not be set until Judge O'Reilly has complied with the decision rendered by the Court of Appeals.

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On April 29, 2015, the Judge suspended the hearing that was to be held on May 6, 2015 because the National Government failed to answer the notice served by the Judge requesting a statement identifying the officials that would attend the hearing with sufficient powers to reach a settlement pursuant to Decree No. 411/80 (T.R. Decree No. 1,265/87, as amended). The Judge set a new date for the hearing to be held on April 14, 2016, but it was subsequently postponed by the Court for June 9, 2016.

Subsequently, in March 2016, the Commercial Court of Appeals –Chamber C– summoned Papel Prensa, the CNV, and the shareholders of AGEA, the National Government, SA La Nación and CIMECO to attend a hearing to be held on April 7, 2016, solely for conciliatory purposes and with the aim of finding a comprehensive solution to the conflict. The hearing was held on that date and a new date was set to resume the hearing on June 2, 2016 for the same purposes and effects. It was subsequently postponed until June 3, 2016. At that hearing, held on June 3, 2016, Papel Prensa, the Company and the other shareholders present at the hearing (the National Government, S.A. La Nación and CIMECO) requested that the procedural periods remain suspended in connection with the claims pending before that Court of Appeals, and also requested the court to order a shareholders' meeting of Papel Prensa to be held on September 20, 2016 to address, basically, the issues included under subsections 1, 2 and 3 of Section 234 of Law No. 19,550, as amended, corresponding to fiscal years ended December 31, 2010, 2011, 2012, 2013, 2014 and 2015. On September 5, 2016, the Court of Appeals called for a shareholders' meeting as requested at the hearing held on June 3, 2016, and at the request of Papel Prensa and the National Government –in view of the urgent and impending terms to make the required publications– on September 8, 2016 it postponed the date of the shareholders meeting until October 19, 2016.

On October 19, 2016, the shareholders of Papel Prensa duly held the court-convened Shareholders' Meeting of that company. At that Shareholders' Meeting, the shareholders approved the financial statements of Papel Prensa for the years ended December 31, 2010, 2011, 2012, 2013, 2014 and 2015 and other accounting documentation under subsection 1, Section 234 of Law No. 19,550, as amended, appointed directors, statutory auditors and members of the supervisory committee for the year 2016, approved the capitalization of the capital adjustment for Ps. 123,293,385, issued a decision on the approval and disapproval of the performance of certain directors, statutory auditors and members of the supervisory committee during the full fiscal years under consideration, and unanimously appointed external auditors engaged with issuing an opinion on the financial statements of Papel Prensa as of December 31, 2016 and March 31, 2017. In connection with the decisions made at the Shareholders' Meeting held on October 19, 2016 by the shareholders that are parties to judicial proceedings, the resumption of the court-convened Shareholders' Meeting of Papel Prensa that began on August 29, 2012 has become moot, and the Company understands that the great majority of the issues involving the conflict related to Papel Prensa have become or will become moot.

On February 14, 2017, the hearing provided under Section 360 of the Civil and Commercial Procedure Code in re "Arte Gráfico Editorial Argentino S.A. and other v. Argentine Securities Commission on ordinary" File 34,049/2011 took place. The purpose of that claim was to declare that the silence of the National Government be deemed a consent, given the government's obligation to grant or deny consent under Section 20 of the By-laws with respect to the appointment of an external auditor by the shareholders at the Shareholders' Meeting held on September 27, 2011. Papel Prensa, the shareholders of CIMECO, S.A. La Nación and the Company, the CNV and the National Government agreed that this claim had become moot as a result of the Shareholders' Meeting held on October 19, 2016.

V. On June 6, 2013, the Board of Directors of the CNV issued CNV Resolution No. 17,102, within the framework of the Administrative File No. 1032/10, whereby it required that: (i) certain members of Papel Prensa's Supervisory Committee and statutory auditors be imposed a fine of Ps. 150,000 each; and (ii) Papel Prensa, certain members of its Board of Directors, one member of its Supervisory Committee and the members of its Oversight Board (all of them representatives of Papel Prensa's private shareholders) be imposed a joint and several fine of Ps. 800,000. Papel Prensa and its other current and former officers appealed the fine in due time and form. In the same appeal, they requested an injunction to change the effect of their appeal and suspend

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the application of the fine. On October 11, 2013, Chamber No. 5 of the Federal Court on Administrative Matters denied this request, which was considered unnecessary in the light of the settlement of the fine by the claimants, as informed below. Notwithstanding the above, on June 19, 2013, the Company asked the CNV to suspend the application of the fine until a decision was rendered by the Court of Appeals with respect to the injunction. The request was denied. On June 28, 2013, the fine was paid under protest in order to prevent its coercive enforcement by the CNV; given that, under the new Capital Markets Law No. 26,831, appeals may be admitted without suspension of judgment.

VI. AGEA has not recorded any impact in connection with the foregoing, since its effects shall depend on the final outcome. Such effects are not expected to be material to these Financial Statements.

NOTE 9 - REGULATORY FRAMEWORK

9.1. Audiovisual Communication Services Law.

The subsidiaries of Grupo Clarín that render audiovisual communication services are holders of licenses that were originally awarded under the regime established by Law No. 22,285. The COMFER was the enforcement authority established by that law. Under Law No. 22,285 audiovisual communication service companies in Argentina required a non-exclusive license from the COMFER in order to operate. Other approvals were also required, including, for some services, authorization by municipal agencies. Broadcasting licenses were granted for an initial period of 15 years, allowing for a one-time extension of 10 years. The extension of the license was subject to the approval of the COMFER, which would determine whether or not the licensee had met the terms and conditions under which the license had been granted. Some of the licenses exploited by the subsidiaries have already been extended for the above-mentioned 10-year term.

On May 24, 2005, Decree No. 527/05 provided for a 10-year-suspension of the terms then effective of broadcasting licenses or their extensions. Calculation of the terms was automatically resumed upon expiration of the suspension term, subject to certain conditions. The Decree required that companies seeking to benefit from the extension submit to the COMFER's approval, within two years from the date of the Decree, programming proposals that would contribute to the preservation of the national culture and the education of the population and a technology investment project to be implemented during the suspension term. COMFER Resolution No. 214/07 regulated the obligations established by Decree No. 527/05 in order to benefit from such suspension. The proposals then submitted were approved and, accordingly, the terms of the licenses originally awarded to the subsidiaries of Grupo Clarín were suspended for ten (10) years.

The Audiovisual Communication Services Law (Law No. 26,522, LSCA, for its Spanish acronym) was passed and enacted on October 10, 2009, subject to strong concerns over its content and enactment procedure. Even though the new Law became effective on October 19, 2009, not all of the implementing regulations provided by the law have been issued. Therefore, Law No. 22,285 still applies with respect to those matters that to date have not been regulated, until all terms and procedures for the regulation of the new law are defined.

The law provided for the replacement of the COMFER with the Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA, for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Executive Branch, and vested the new agency with authority to enforce the law.

Emergency Decree No. 267/15 issued on December 29, 2015, created the National Communications Agency ("ENACOM", for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications. Among other powers, the ENACOM has all the same powers and competences that Law No. 26,522 had vested in AFSCA. See Note 9.3.

9.2. Telecommunication Services.

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The regulatory framework of the Argentine telecommunications sector is undergoing a process of change. In December 2014, the Argentine Congress passed Law No. 27,078, known as the “Digital Argentina Act”, which partially repealed National Telecommunications Law No. 19,798. The new law subjects the effectiveness of Decree No. 764/00, which deregulated the telecommunications market, to the enactment of four new sets of rules that will govern the License, Interconnection, Universal Service and Radio-electric Spectrum regimes.

The new law maintains the single country-wide license scheme and the individual registration of the services to be rendered, but replaces the name telecommunication services with Information and Communications Technology Services (“TIC Services”, for their Spanish acronym). Notwithstanding this, the scope of the licenses originally granted to the subsidiary Cablevisión, its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses and their respective registrations of services, remain unaltered.

The license will be called “Licencia Única Argentina Digital” and will allow licensees to render any telecommunication services to the public, be they fixed or mobile, wired or wireless, national or international, with or without the licensee’s own infrastructure.

The TIC Services registered with the Argentine Secretariat of Communications under the name of Cablevisión, its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses are the following: Data Transmission, Paging, Videoconference, Community Retransmission, Transport of Broadcast Signals, Value-Added, Radio-Electric Trunking, Internet Access, Public Telephony, Local Telephony and National and International Long-Distance Telephony.

The law created a new enforcement and oversight Authority as a decentralized agency under the jurisdiction of the Executive Branch, the Information and Communications Technology Federal Enforcement Authority (“AFTIC”, for its Spanish acronym).

The new law maintained the obligation to contribute 1% of telecommunication service revenues, net of taxes and charges, to be used for Universal Service investments (this obligation had been imposed by Decree No. 764/00 on all service providers as from January 1, 2001), but the Universal Service Trust Fund was placed under State control. Until August 2015, the manager of such trust fund was Banco Itaú Argentina S.A., which received the joinder requests filed by Cablevisión and its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses to join the Trust Agreement.

The Argentine Secretariat of Communications has yet to decide on the approval of the Projects submitted by Cablevisión and its subsidiaries that exploit telecommunication services, within the framework of SECOM Resolution No. 9/2011 which created the program “Infrastructure and Equipment”, whereby telecommunication service providers were allowed to submit projects aimed at developing new infrastructure, updating existing infrastructure and/or acquiring equipment for areas without coverage or with unmet needs, in order to meet the obligation to make contributions to the Universal Service Trust Fund for the amounts accrued as from January 2001 until the entry into force of Decree No. 558/08.

Another innovation of Law No. 27,078 was the creation of a new public service under the name “Public and Strategic Infrastructure Access and Use Service for and among Providers”. The right of access included “providers having to make available to other providers their network elements, associated facilities or services to render TIC services, even when such elements are used to render audiovisual content services.” Under this scheme, the government seeks to make private companies that were created and developed in competition share their networks with other companies that had not made any investments.

The foregoing applied to any provider that had its own infrastructure or networks, because the term “Associated facilities” is defined as physical infrastructures, systems, devices, associated services or other facilities or

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elements associated with a telecommunications network or with TIC Services that enable or support the provision of services using that network or service, or that have the potential to do so; and will include, inter alia, buildings or building entrances, building wiring, antennas, towers and other supporting constructions, ducts, masts, manholes, and cabinets (See Note 9.3.).

As of the date of these consolidated financial statements, Law No. 27,078 has been only partially regulated.

9.3. Emergency Decree No. 267/15. Convergence.

Emergency Decree No. 267/15 (the "Emergency Decree"), issued on December 29, 2015 and published in the Official Gazette on January 4, 2016, creates the ENACOM as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications and vests the new agency with authority to enforce Laws Nos. 26,522 and 27,078, as amended and regulated. The ENACOM has all the same powers and competences that had been vested in AFSCA and AFTIC by Laws Nos. 26,522 and 27,078, respectively.

Among the main amendments introduced by the Emergency Decree with respect to both laws, the most remarkable is the repeal of Section 161 of Law No. 26,522, which set forth the obligation to conform to the provisions of this law with respect to ownership conditions and the number of licenses. Section 45 of Law No. 26,522, which establishes the multiple license regime, has been significantly amended. As a result, the Company and its subsidiaries that are licensees and/or owners of audiovisual communication services already conform to the new regulatory framework.

Under the new regulatory framework, the licenses for physical link subscription television services and for radio-electric link subscription television services held by certain subsidiaries that had been granted under Laws No. 22,285 and No. 26,522 are now called "Registrations" for the exploitation of physical link subscription television services and radio-electric link subscription television services of a Licencia Única Argentina Digital.

Pursuant to this amendment (Section 7 of the Emergency Decree, which amends, among others, Section 10 of Law No. 27,078), all the services exploited by Cablevisión and its subsidiaries are now governed by the Digital Argentina Act. The only license still exploited by Cablevisión that could be considered to be still subject to the LSCA is the registered title of the signal METRO, since this signal is broadcast through other services that acquire it for that purpose, and, therefore, it has a registration number issued by AFSCA (now ENACOM) that must be renewed on an annual basis.

As far as the Company's subsidiaries are concerned, the Emergency Decree eliminates:

1. The incompatibility to render in the same location broadcast television services and subscription television services. When subscription television services are exploited through physical or radio-electric link, they will be subject to the Digital Argentina Act pursuant to Section 7 of the Emergency Decree, which amends, among others, Section 10 of Law No. 27,078;
2. The limit of 10 licenses for radio-electric link subscription television services and 24 licenses for physical link subscription television services, which are considered to be TIC services as from January 4, 2016, date on which the Emergency Decree became effective; and the limit that provided that broadcast television services may not reach more than 35% of the total national population and the limit that provided that physical link and radio-electric link subscription television services may not reach more than 35% of all subscribers.

As far as Cablevisión is concerned, the Emergency Decree repeals Section 15 of Law No. 27,078, which created a new public service under the name "Public and Strategic Infrastructure Access and Use Service for and among Providers". The right of access included "providers having to make available to other providers their network elements, associated facilities or services to render TIC services, even when such elements were used to render audiovisual content services."

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Due to the fact that physical link and radio-electric link subscription television services are now subject to the Digital Argentina Act:

- i) These services no longer fall within the scope of Section 45 of the LSCA, which sets forth the new multiple license regime for Audiovisual Communication Services;
- ii) The registration of physical link subscription television services is no longer limited to a specific territorial area. The same is not the case with radio-electric link subscription television services because of the portion of the spectrum allocated to render these services;
- iii) Both registrations, for physical link subscription television services and for radio-electric link subscription television services, are no longer subject to expiration terms. However, the portions of the spectrum allocated to render radio-electric link subscription television services do have expiration terms. The duration of such services shall be the longest of the term provided under their original title, or 10 years as from January 1, 2016.

Notwithstanding point iii) above, ENACOM Resolution No. 427/2016 provides that cable television service licensees that hold only one license to provide a certain type of service and have requested an extension of its term but have not obtained an express decision in this respect must ratify their requests. Accordingly, some of the subsidiaries of Cablevisión have made filings to such end.

However, it should be noted that pursuant to Section 21 of the Emergency Decree and until the enactment of a law that shall unify the fee regime provided under Laws Nos. 26,522 and 27,078, the physical link and radio-electric link subscription television services exploited by certain subsidiaries of the Company will continue to be subject only to the fee regime provided under Law No. 26,522. They shall not be subject to the investment contribution or the payment of the Control, Oversight and Verification Fee provided under Sections 22 and 49 of Law No. 27,078.

With regard to the term of the licenses for television and radio broadcast services, the Emergency Decree establishes two important changes:

- It provides for a new system of extensions for audiovisual communication service licenses whereby the licensee may request a first extension for five (5) years, which will be automatic. Upon expiration of this term, licensees may request subsequent extensions of ten (10) years complying in that case with the provisions of the Law and applicable regulations to be eligible for each extension. However, this system of subsequent extensions may be interrupted upon the expiration of the last extension if the Ministry of Communications decides to call for a public bid for new licensees, for reasons of public interest, for the introduction of new technologies or in compliance with international agreements. In this case, prior licensees shall have no acquired rights regarding their licenses.
- Section 20 of the Emergency Decree provides that the holders of licenses effective as of January 1, 2016 may request a ten (10) year extension, without it being necessary to wait until the expiration of the license that is currently effective. Such extension shall be considered as a first period that entitles the holder to the five (5) year automatic extension.

Taking into consideration the advantages provided under the new legal framework with regard to the terms of the licenses, the direct and indirect subsidiaries of the Company that exploit audiovisual communication services, i.e. ARTEAR, RADIO MITRE, TELECOR S.A.C.I., Teledifusora Bahiense S.A. and Bariloche TV S.A., made a filing with the ENACOM requesting the extension of the terms of their licenses pursuant to Section 20 of the Emergency Decree.

Cablevisión has completed the procedure established under ENACOM Resolution No. 427/16 in order to report, using the online application provided by the ENACOM to such end, the territorial location of its services,

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indicating the original coverage area, the supplementary territorial units and/or area extensions in which it currently renders services.

In addition, and pursuant to ENACOM Resolution No. 1,394/16, which approves the General Rules for Physical Link Subscription Television Services and/or Radio-Electric Link Subscription Television Services, in those cases in which Cablevisión and/or any of its Subsidiaries purchased bidding forms to apply for a new license when the term had expired or to apply for an area extension, the applicants amended their filings and converted them into a request for authorization of coverage area.

The new General Rules also order providers of both types of services to guarantee their compliance with a programming grid in each Coverage Area. In this respect, the subsidiary of the Company states that it already complies with all the obligations derived from this Resolution.

Pursuant to the Emergency Decree, the providers of the Basic Telephone Service whose licenses were granted under the terms of Decree No. 62/90 and paragraphs 1 and 2 of Section 5 of Decree No. 264/98, as well as Mobile Telephone Service providers with a license granted pursuant to the list of bidding conditions approved by Resolution No. 575/93 of the then Ministry of Economy and Public Works and Services and ratified by Decree No. 1,461/93, shall only be able to provide subscription broadcasting services by means of physical or radio-electric link after a term of two years counted as from January 1, 2016. That term may be extended for one more year.

The Emergency Decree was approved on April 6, 2016 by the Lower House of Congress. Therefore, it has full force and effect.

Finally, in order to enhance the convergence of networks and services under conditions of competition, promote the deployment of next generation networks and the penetration of broadband Internet access services across the national territory, the Executive Branch issued Decree No. 1,340/16 on December 30, 2016. Among other things, the Decree:

- Provides for the protection for fifteen years of last mile fixed NGN for broadband Internet services that may be deployed by the licensees of TIC services with respect to the rules for open access to broadband services.
- Orders the issuance of regulations for the following purposes:
 - To call for a Public Bid for the allocation of new frequency bands for mobile services.
 - To ensure the re-allocation of radio-electric spectrum frequencies with economic compensation and shared use to frequencies previously allocated to other services, and to allocate such frequencies to providers of TIC Services that request to reuse them to render mobile services or fixed wireless services with LTE or higher technologies.
 - To allocate radio electric spectrum frequencies on demand, imposing compensation, deployment and coverage obligations on the current local or regional providers of TIC services and on the current providers of mobile communication services.
- Sets forth that the persons restricted under Decree No. 267/15 from rendering physical or radio-electric link subscription television services may request the corresponding registration and begin to provide those services in certain areas as from January 1st, 2018.
- Recognizes that the holders of satellite link subscription television service licenses that as of December 29, 2015 rendered TIC services may maintain the ownership of both services.
- Orders the Ministry of Communications to guarantee the interconnection principles provided under the applicable legislation in order to ensure the impartiality, non-discrimination and fair competition among providers of mobile services, restricting the possibility of delaying or hindering the technical, interconnection, operational or any other conditions that may create barriers for other providers to enter the market.

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9.4. Matters related to the regulatory situation of the Company and certain subsidiaries.

9.4.1. Proposal to conform to the provisions of Law No. 26,522.

Pursuant to Resolution No. 17/ENACOM/2016 issued on February 01, 2016, the new enforcement authority recognized that all the files and/or administrative proceedings pending resolution containing requests made under the regime approved by Section 161 of Law No. 26,522, and its regulations, including the proposal submitted by the Company and its subsidiaries, comply with the limits relating to multiplicity of licenses established by Section 45 of Law No. 26,522, as amended by Emergency Decree No. 267/2015. Therefore, they shall be deemed concluded and filed. In addition, in the same administrative act, that agency also repealed Resolution No. 1,121/AFSCA/2014, which had ordered the ex-officio divestiture procedure.

9.4.2. Other Resolutions issued by AFSCA.

We refer to Resolution No. 1,329/AFSCA/2014, which amends Resolution No. 1,047/AFSCA/2014, whereby the AFSCA approved the National Standard for Terrestrial and Broadcast Digital Television Audiovisual Communication Services, and to Decree No. 2,456/2014, which approves the National Digital Audiovisual Communication Services Plan. Both the Resolution and the Decree are manifestly contrary to Law No. 26,522, which has higher hierarchy, because they contradict the rights of the current licensees of broadcast television services, including ARTEAR and the subsidiaries that exploit broadcast television services.

This regulatory framework was subsequently supplemented by three resolutions. Through Resolution No. 24/AFSCA/2015, AFSCA approved the Technical Plan for Terrestrial Digital Television Frequencies for important areas of the national territory. Through Resolution No. 35/AFSCA/2015, AFSCA allocated a digital television station on a permanent basis to the current licensees of analog broadcast stations, among which are ARTEAR and its subsidiary TELECOR S.A.C.I. in order to develop their transition to digital technology. Finally, through Resolution No. 39/AFSCA/2015, AFSCA called for public bids for the award of digital television licenses according to the illegitimate categories created by the regulations of the LSCA. Through this regulatory framework, the rights of the current broadcast television licensees are infringed. These rights should be preserved intact as provided under Law No. 26,522, which has higher hierarchy. The main effect of these regulations, among their technical effects, is that the current broadcast television licensees that obtained their licenses pursuant to Law No. 22,285 will have to bear additional charges and obligations including, among other things, multiplexing and broadcasting under their own responsibility other broadcast television stations.

Since the changes introduced under this regulatory framework have an impact on the responsibilities and rights of the companies involved, ARTEAR and TELECOR S.A.C.I. filed a claim before AFSCA requesting the revocation of Resolutions No. 1,329/AFSCA/2014, 24/AFSCA/2015, 35/AFSCA/2015 and 39/AFSCA/2015 to preserve their rights intact as direct or indirect broadcast television service licensees. They also filed a claim before the National Executive Branch requesting the repeal of Decree No. 2,456/2014. As of the date of these financial statements, the claim filed before AFSCA was dismissed. Therefore, ARTEAR challenged before the courts that agency's decision to dismiss the claim. The claim filed before the National Executive Branch is still pending resolution.

9.4.3. Fibertel License.

The Ministry of Communications, as the highest government agency, replacing the MINPLAN with respect to this specific competence, issued Resolution No. 5/2016, which was notified on February 29, 2016, whereby it revoked SECOM Resolution No. 100/2010 for legitimacy reasons. This Resolution, which had been issued by the former Secretariat of Communications, had revoked the exclusive telecommunication service license held by Fibertel S.A., which was merged into Cablevisión S.A.

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The ENACOM issued Resolution No. 1,359/16, whereby it authorized the transfer of ownership of the Exclusive Telecommunication Service License that had been granted to Fibertel S.A., which was merged into Cablevisión S.A. effective as of April 1, 2003.

9.4.4. NEXTEL.

9.4.4.1. Regulatory Approval of the Acquisition of NEXTEL

On September 24, 2015, the Official Gazette published AFTIC Resolution No. 326/15, whereby that agency ordered Nextel to render without effect within a term of 30 days, the sale of a non-majority portion of its shares because it allegedly contravened effective legislation and could be sanctioned with the revocation of its license pursuant to the Communications and Information Technology Law.

On October 9, 2015, Grupo Clarín S.A. and Cablevisión filed the corresponding appeals against Resolution No. 326/2015, arguing that they had standing based on their acquisition of 49% of the licensee and stating that the change of control alleged by AFTIC had not occurred.

NEXTEL requested the suspension of the effects of Resolution No. 326/2015 and also filed an appeal against that administrative act.

On January 29, 2016, the Company and Nextel appeared before the ENACOM pursuant to Section 8 of Decree No. 267/15, which amends Section 13 of Law No. 27,078 in order to request authorization for the transfer of control, in full compliance with the new legal framework.

On February 22, 2016, the ENACOM issued Resolution No. 133/2016, whereby it partially admitted the appeals that had been filed against AFTIC Resolution No. 326/2015, in order to consider the Company's request for approval of the transfer of control.

On March 7, 2016, the ENACOM issued Resolution No. 280/2016, whereby it authorized the change of control of NEXTEL COMMUNICATIONS ARGENTINA S.R.L. in favor of Cablevisión S.A.

This transaction is subject to the corresponding administrative approval of the CNDC.

9.4.4.2. Status of the frequencies allocated to NEXTEL.

Through Resolution No. 325/2015, AFTIC decided, abruptly and without prior notice of its decision, to dismiss the requests for extensions of certain frequencies allocated to NEXTEL, revoking them in that same act.

On October 9, 2015 Grupo Clarín and Cablevisión filed an appeal against Resolution No. 325/2015 grounding their legitimate interest on their acquisition of 49% of the licensee.

NEXTEL first requested the suspension of the effects of Resolution No. 325/2015 and then filed an appeal against that administrative act.

The ENACOM issued Resolution No. 134/2016, whereby it decided to grant partially the appeal filed by NEXTEL COMMUNICATIONS ARGENTINA S.R.L. against AFTIC Resolution No. 325/2015. Even though this Resolution did not entail the automatic extension of the frequencies involved, the ENACOM ordered the corresponding areas to analyze each file to verify compliance with the requirements of the effective regulatory framework to be eligible for obtaining the requested extensions.

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The ENACOM issued Resolution No. 281/16, whereby it authorized the extensions for a term of 10 years counted as from the original expiration of the authorizations for the use of the frequencies that had been dismissed and revoked through Resolution No. 325/2015.

9.4.4.3. Other requests for authorization filed with the ENACOM

On June 22, 2016, NEXTEL made a filing with the ENACOM in order to request authorization for direct and indirect share transfers that would imply a direct and/or indirect change of control in favor of NEXTEL, pursuant to Section 13 of Law No. 27,078 with respect to the licensees of telecommunication services listed below:

- Fibercomm S.A.
- Trixco S.A.
- Callbi S.A.
- Infotel S.A.
- Skyonline de Argentina S.A.
- Netizen S.A.
- Eritown Corporation Argentina S.A.

Within the required term, on January 6, 2017, the ENACOM issued Resolution No. 111/2017, which under section 1 authorizes the share transfers mentioned above.

The filing made on June 22, 2016 also included a request to change the allocation of a portion of the spectrum that corresponds to the licensees acquired by the Company in order to render 4G services, which was not addressed in ENACOM Resolution No. 111/2017.

Notwithstanding the foregoing, taking into consideration the new regulations provided under Decree No. 1,340/16 and Resolution No. 171/2017 issued by the Ministry of Communications, NEXTEL reformulated the original request in accordance with the new effective regulations, thus initiating a new administrative file. In this last filing, the Company finally requested:

- The beginning of a Refarming process with Economic Compensation as provided under Resolution No. 171/2017.
- The authorization of the agreements executed by NEXTEL with the licensees acquired by Cablevisión to operate the services registered by NEXTEL with the portion of the spectrum allocated to those licensees to render their respective services;
- The approval of the registration requested by NEXTEL of the Advanced Mobile Telecommunications Service; and,
- The authorization of the change that allows for:
 - Changing the allocation and channeling on a primary basis of the 905-915 MHz and 950-960 MHz bands to render advanced mobile communication services at national level with primary status; and,
 - Extending the allocation of the frequency bands and changing the and channeling from 2500 MHz to 2690 MHz to render advanced mobile communication services at national level with primary status.

By means of Resolution ENACOM No. 1033/2017, the ENACOM provided for the use of the frequency bands between 905 and 915 MHz and between 950 and 960 MHz for the rendering of the ADVANCED MOBILE COMMUNICATIONS SERVICE ("SCMA"), and by means of Resolution ENACOM No. 1034/2017, the ENACOM provided for the use of the frequency band between 2500 and 2690 MHz for the provision of SCMA, in addition to the current services when their coexistence is possible.

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On March 6, 2017, Nextel was served with Resolution ENACOM No. 1,299 /2017, which was published in the Official Gazette on March 7, 2017 and approves the project for Refarming with Economic Compensation, filed by that company to provide Advanced Mobile Communication Services in the frequencies that had been subject to changes in allocation pursuant to ENACOM Resolutions No. 1,033 and 1,034/2017.

In addition, the ENACOM decided to register Nextel as provider of Advanced Mobile Communication Services in the Registry of Services; and to authorize the use of the above-mentioned frequencies.

In the same resolution and as part of the authorization, that agency imposed additional Coverage Obligations on Nextel.

It also imposed two obligations that must be fulfilled prior to initiating the rendering of Advanced Mobile Communication Services: (i) the return of a portion of the radio-electric spectrum, as proposed by Nextel; and (ii) the creation of a guarantee issued in favor of and satisfactory to ENACOM for an amount equal to the value of the radioelectric spectrum that is subject to return.

The Resolution also orders that Nextel shall post a performance bond to guarantee the obligations and responsibilities undertaken by that company, to be issued in favor and to the satisfaction of the ENACOM, for the amount and under the terms that shall be set forth in the contract to be executed with the ENACOM. That contract shall establish the terms, conditions, goals, obligations and other matters inherent to the rendering of the Advanced Mobile Communication Services authorized by that agency, to which Nextel shall be bound.

9.4.5. Other Matters Related to the Federal Broadcasting Committee (COMFER, for its Spanish acronym), subsequently Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA), now ENACOM (for its Spanish acronym).

CABLEVISION

As from November 1, 2002 and until December 31, 2016, COMFER, then AFSCA, now ENACOM have initiated summary administrative proceedings against Cablevisión and Multicanal (merged into Cablevisión) for infringements of regulations relating to programming content. Accordingly, a provision has been set up in this regard.

ARTEAR.

Certain payment agreements that had been delivered by AFSCA to ARTEAR were deemed to enter into effect as of July 2, 2015. That company was authorized to adhere to the payment plan relating to infringements committed between November 21, 2002 and June 23, 2010, payable in sixty monthly installments starting on August 31, 2015. ARTEAR was also authorized to adhere to the applicable payment plan for infringements committed between June 24, 2010 and June 11, 2014, payable in thirty monthly installments starting on August 31, 2015.

9.4.6. Programming Grid

AFSCA Resolution No. 296/2010, as amended and/or supplemented, provided guidelines for the organization of the programming grids that had to be followed by the owners of subscription television audiovisual services. This resolution regulated section 65, subsections a) and b) of the LSCA and supplemented the provisions of the regulations to the same section of Decree No. 1,225/2010.

In spite of Cablevisión's efforts to organize its programming grids in accordance with the provisions of section 65 of Law No. 26,522, AFSCA initiated multiple summary proceedings in connection with the cable television licenses of which Cablevisión is the lawful successor. AFSCA contended that Cablevisión had failed to comply

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with the regulations set forth by AFSCA Resolution No. 296/2010. Cablevisión submitted the responses set forth under section 1, Exhibit II of AFSCA Resolution No. 224/2010 in connection with such accusations. A decision has been rendered on some of the summary proceedings and, as a result, a fine was imposed on Cablevisión, while other proceedings are pending resolution. Cablevisión has appealed these decisions. Some of the appeals filed by Cablevisión have been decided against it and were appealed.

Insofar as Cablevisión is concerned, as of the date of these financial statements, an injunction issued in re “CABLEVISIÓN S.A. v. NATIONAL GOVERNMENT AND OTHERS ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS” by the Federal Court of Appeals of the City of Mar del Plata, whereby that Court revoked the decision rendered in the First Instance, remains in full force and effect. The decision rendered in the First Instance had ordered the dismissal of Cablevisión’s request. The Court of Appeals ordered AFSCA to suspend – until a final decision was rendered on the matter – the application of the penalties derived from the alleged non-compliance with section 65 of Law No. 26,522 and Decree No. 1.225/2010. Therefore, it also suspended the application of section 6 of AFSCA Resolution No. 296/2010 on the grounds that Cablevisión’s alleged serious non-compliance was not contemplated in the Law or in the Decree. The National Government filed an appeal with the Supreme Court against this decision. Such appeal was dismissed. Consequently, AFSCA filed a direct appeal with the Supreme Court, which is still pending resolution.

In re “AFSCA v. CABLEVISION SA Decree 1,225/10 – RES. 296/10 on/ Proceeding leading to a declaratory judgment” currently pending before the Federal Court of First Instance on Administrative Matters No. 9, on May 16, 2012 the Court granted an injunction that had been requested by AFSCA, ordering Cablevisión and/or the pay television audiovisual services it exploits, to conform to Section 65, paragraph 3 b of Decree No. 1,225/2010 and Sections 1, 2, 3, 4 and 5 of AFSCA Resolution No. 296/2010, until a final judgment is rendered on the merits of the case. Cablevisión has appealed such injunction.

On August 6, 2012, Cablevisión was served notice of a decision rendered by the Federal Court of First Instance on Administrative Matters No. 9 of the City of Buenos Aires, whereby that court imposed a fine on Cablevisión of Ps. 20,000 per day for each day of delay in complying with the injunction that ordered Cablevisión to comply with Section 65 of Decree No. 1,225/2010 and AFSCA Resolution No. 296/2010. Cablevisión filed an appeal against that decision in due time and form. However, the Court of Appeals ignored the strong grounds asserted by Cablevisión; partially confirmed the decision rendered in the first instance; and reduced the fine to Ps. 2,000 per day for each day of delay, to be calculated as from the date the decision is deemed final. An appeal was filed with the Supreme Court of Argentina, which was dismissed by the intervening Chamber. Cablevisión filed an appeal against such decision, which was dismissed by the Supreme Court of Argentina.

On October 21, 2013 Cablevisión was served with new charges brought for alleged noncompliance with AFSCA Resolution No. 296/2010, clearly violating the preliminary injunction mentioned above. Accordingly, Cablevisión filed an appeal, but no decision has been rendered on the matter as of the date of these financial statements.

On December 23, 2013, Cablevisión informed AFSCA of its new programming grid in digital and analogical systems, expressly maintaining the reserves brought to continue challenging the legality and constitutionality of section 65 of Decree No. 1,225/2010 and AFSCA Resolution No. 296/2010, as amended.

Section 7 of the Emergency Decree, which amends, among other things, Section 10 of Law No. 27,078 sets forth that all the physical link and radio electric link subscription television services shall be governed by the Digital Argentina Act. Therefore, Cablevisión is no longer subject to Section 65 and its implementing regulations.

The new General Rules approved by ENACOM Resolution No. 1,394/16 order providers of both types of services (physical and radio-electric link) to guarantee their compliance with a programming grid in each Coverage Area. Cablevisión states that it complies with all the obligations set out under that Resolution.

9.4.7. Audiovisual Communications Law of the Republic of Uruguay.

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Law No. 19,307 was published in the Official Gazette of the Republic of Uruguay on January 14, 2015. This Law governs radio, television, and other audiovisual communication services (hereinafter, the "Audiovisual Communications Law"). Section 202 of this law provides that the Executive Branch shall issue the implementing regulations for this law within a 120-day term as from the day following the publication of this law in the Official Gazette. As of the date of the financial statements, only Decree No. 45/015 has been issued, but the implementing regulations for most of the sections of this law are still pending.

Such Decree provides that the concession for the use and allocation of the radio-electric spectrum for non-satellite audiovisual communication services shall be granted for a term of 15 years.

Section 54 of the Audiovisual Communications Law provides that an individual or legal entity cannot be allocated the full or partial ownership of more than 6 authorizations or licenses to render television services to subscribers throughout the national territory of Uruguay. Such limit is reduced to 3 if one of the authorizations or licenses includes the department of Montevideo. Section 189 of this law provides that in the cases where such limits were exceeded as of the entry into force of the Law, the owners of those audiovisual communication services shall transfer the necessary authorizations or licenses so as not to exceed the limits mentioned above within a term of 4 years as from the date of entry into force of the Audiovisual Communications Law.

Adesol S.A. is analyzing the possible impact on its business that could be derived from the change in the regulatory framework and the eventual legal actions it may bring to safeguard its rights and those of its shareholders. That company is also monitoring the different unconstitutionality claims filed by other companies against certain sections of the above-mentioned law to consider whether the decisions to be rendered by the Supreme Court in those proceedings may be favorable to the position of Adesol S.A. in the future. On April 7, 2016, 28 unconstitutionality claims were brought against the above mentioned law. To date, the Supreme Court has issued 28 decisions, whereby it declared the unconstitutionality of Sections 39 subsection 3, 55, 56 subsection 1, 60 point C, 98 subsection 2, 117 subsection 2, 143 and 149 subsection 2 of Law No. 19,307. It is noteworthy that some of the decisions rendered in this respect by the Supreme Court dismissed the unconstitutionality claim filed by the claimant with respect to Section 54 of that Law.

NOTE 10 - CALL OPTIONS

ARTEAR.

Pursuant to ARTEAR's acquisition of 85.2% of its subsidiary Telecor's capital stock in 2000, Telecor's sellers have an irrevocable put option of the remaining 755,565 common, registered, non-endorsable shares, representing 14.8% of the capital stock and votes of Telecor, for a 16-year term as from March 16, 2010 at a price of USD3 million and ARTEAR has an irrevocable call option for such shares for a term of 26 years as from March 16, 2000 at a price of approximately USD4.8 million, which will be adjusted at a 5% nominal annual rate as from April 16, 2016. Subsequently, under an addendum to the original agreements, the beginning of the effectiveness of the irrevocable put option was changed from March 16, 2010 to March 16, 2013. On March 15, 2013, on February 18, 2016 and on February 21, 2017, additional addenda to the agreement were signed, whereby the beginning of the effectiveness of the irrevocable put option was changed from March 16, 2013 to March 16, 2016, from such date to March 16, 2017, and from such date to March 16, 2021, respectively.

CMD

Pursuant to CMD's acquisition of 60.0% of Interpatagonia S.A.'s (now Interwa S.A.) capital stock in 2007, CMD and the sellers granted each other reciprocal call and put options on all of the shares owned by each of the parties, effective from August 1, 2011 to July 31, 2012.

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In connection with the acquisitions mentioned in Note 12.e., CMD and the seller executed new agreements whereby they granted each other new reciprocal call and put options on all of the shares owned by each of the parties. The price of the shares varies depending on who exercises the option.

As of the date of these consolidated financial statements, as mentioned in Note 12.e, CMD holds a reciprocal call and put option for 6.66% of the shares of Interwa S.A., which is effective until December 2017. See Note 26.b.

The balances arising from the put options mentioned above are disclosed under the item Other Current and Non-Current Liabilities of the Balance Sheet, with an offsetting entry under Other Reserves and Non-Controlling Interest under Equity.

ADESOL

On December 22, 2016, Adesol S.A. executed a call option agreement (the "Call Option Agreement") with the majority shareholder of the special purpose entities, whereby, Adesol has the right to exercise, until December 31, 2021, the irrevocable call option on the shares of those companies (the "Call Option"). If it exercises the Call Option, the purchase price has been preliminarily established in the amount of Ps. 127,600,002, subject to an eventual adjustment in case certain circumstances provided under the Call Option Agreement occur.

In addition to the execution of the Call Option Agreement, Adesol S.A. paid to the grantor an option premium under the Call Option in the amount of Ps. 44,660,000. If Adesol S.A. does not exercise the Call Option, the seller shall irrevocably retain the amount paid by Adesol S.A., and the agreement will be terminated.

If it exercises the Call Option, the assignment, sale and transfer of the shares in favor of Adesol S.A. shall be subject, as condition precedent, to the approval by the Communication Services Regulatory Agency of the Republic of Uruguay.

NOTE 11 – FINANCIAL INSTRUMENTS**11.1. Financial Risks Management (*)**

(*) The amounts included in this note are stated in millions of Argentine pesos.

Grupo Clarín is a party to transactions involving financial instruments, which entail exposure to market, currency and interest rate risks. The management of these risks is based on the particular analysis of each situation, taking into account its own estimates and those made by third parties of the evolution of the respective factors.

11.1.1 Capital Risk Management

Grupo Clarín manages its capital structure seeking to ensure its ability to continue as an ongoing concern, while maximizing the return to its shareholders through the optimization of debt and equity balances.

As part of this process, Grupo Clarín monitors its capital structure through the debt-to-equity ratio, which is equal to the quotient of its net debt (Debt less Cash and Cash Equivalents) divided by its adjusted EBITDA.

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The debt-to-equity ratio for the reporting years is as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Loans (i)	809	6,935
Less: Cash and Cash Equivalents		
Cash and Banks	(416)	(2,026)
Other Current Investments	(306)	(680)
Net Debt	<u>87</u>	<u>4,229</u>
Adjusted EBITDA	<u>966</u>	<u>(ii) 8,361</u>
Debt-to-Equity Ratio	0.09	0.51

(i) Long-term and short-term loans, including derivatives and financial guarantee agreements.

(ii) Includes Ps. 7,295 million disclosed under Discontinued operations.

The debt-to-equity ratio is reasonable compared to other industry players and considering the particular situation of Argentina and of the companies that make up Grupo Clarín.

11.1.2 Categories of Financial Instruments

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Financial Assets		
Loans and Receivables ⁽¹⁾		
Cash and Banks	416	2,026
Other Investments	30	501
Receivables ⁽²⁾	4,294	4,798
At fair value with an impact on net income		
Other Investments	306	1,144
Financial Instruments	-	58
Total Financial Assets	<u>5,046</u>	<u>8,527</u>
Financial Liabilities		
At amortized cost		
Debt ⁽³⁾	809	6,935
Accounts Payable and Other Liabilities ⁽⁴⁾	2,983	5,464
Total Financial Liabilities	<u>3,792</u>	<u>12,399</u>

⁽¹⁾ Net of the allowance for doubtful accounts of approximately Ps. 103 million and Ps. 272 million, respectively.

⁽²⁾ Includes receivables with related parties of approximately Ps. 200 and Ps. 52 million, respectively.

⁽³⁾ Includes loans with related parties of approximately Ps. 377 million and Ps. 32 million, respectively.

⁽⁴⁾ Includes debts with related parties of approximately Ps. 72 million and Ps. 95 million, respectively.

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11.1.3 Objectives of Financial Risk Management

Grupo Clarín monitors and manages the financial risks related to its operations; these risks include market risk (including exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Grupo Clarín does not enter into financial instruments for speculative purposes as common practice.

11.1.4 Exchange Risk Management

Grupo Clarín enters into certain foreign currency transactions; therefore, it is exposed to exchange rate fluctuations. During the year, certain subsidiaries of Grupo Clarín entered into foreign currency forward transactions.

The following table shows the monetary assets and liabilities denominated in US dollars, the main foreign currency involved in Grupo Clarín's transactions, at the closing of the years ended December 31, 2016 and 2015:

	(in millions of Argentine pesos)	(in millions of Argentine pesos)
	December 31, 2016	December 31, 2015
ASSETS		
Other Receivables	53	95
Trade Receivables	176	626
Other Investments	33	488
Cash and Banks	143	1,501
Total assets	405	2,710
LIABILITIES		
Debt	368	6,092
Seller financings	14	2
Other Liabilities	14	70
Trade Payables and Other	407	667
Total Liabilities	803	6,831

Bid/offered exchange rates as of December 31, 2016 and 2015 were of Ps. 15.79 and Ps. 15.89 and Ps. 12.94 and Ps. 13.04; respectively.

11.1.4.1 Foreign Exchange Sensitivity Analysis

Grupo Clarín is exposed to exchange risk, mainly with respect to the US dollar.

Taking into consideration the balances disclosed above, Grupo Clarín estimates that the impact of a 20% favorable/unfavorable fluctuation of the US dollar exchange rate would generate an income/loss before taxes of approximately Ps. 80 million and Ps. 824 million as of December 31, 2016 and 2015, respectively. Income from foreign exchange agreements in case of a 20% favorable/unfavorable fluctuation of the US dollar exchange rate would generate a gain/loss before taxes of approximately Ps. 118 million as of December 31, 2015. As of December 31, 2016, the Company had not executed any foreign exchange agreements.

The sensitivity analysis presented above is hypothetical since the quantified impact is not necessarily an indicator of the actual impact, because exposure levels may vary over time.

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Additionally, even though Grupo Clarín conducts its operations in Argentine pesos, an eventual devaluation of that currency may have an indirect impact on its operations, depending on the ability of the relevant suppliers to reflect that effect on their prices.

11.1.5. Interest Rate Risk Management

As of December 31, 2016, Grupo Clarín was exposed to interest rate risk mainly through ARTEAR. This is due to the fact that this company has taken loans at fixed and variable interest rates and has not entered into hedge agreements to mitigate these risks. If interest rates had eventually been 100 basic points higher and all the variables had remained constant, the additional estimated loss before taxes would have been of approximately Ps. 1.7 million and Ps. 6.3 million as of December 31, 2016 and 2015, respectively.

11.1.6. Equity Price Risk Management

Grupo Clarín is exposed to equity price risk in connection with its holdings of mutual funds, securities and bonds and foreign exchange agreements.

Its sensitivity to the variation in the price of these instruments is detailed below:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Investments valued at quoted prices at closing (Level 1)	215	1,115
Other receivables valued at quoted prices at	-	58

The estimated impact of an eventual 10% favorable/unfavorable fluctuation of the quoted price of investments valued at closing, assuming that all the other variables remain constant, would generate an income/loss before taxes of approximately Ps. 20 million and Ps. 111 million as of December 31, 2016 and 2015, respectively. Income from foreign exchange agreements in case of a 20% favorable/unfavorable fluctuation of the US dollar exchange rate would generate a gain/loss before taxes of approximately Ps. 118 million as of December 31, 2015. As of December 31, 2016, the Company had not executed any foreign exchange agreements.

A potential 10% favorable/unfavorable fluctuation of the quoted price of investments valued as Level 2 would generate an income/loss before taxes of approximately Ps. 9 million and Ps. 3 million as of December 31, 2016 and 2015, respectively.

11.1.7 Credit Risk Management

Credit risk is defined as the risk that one of the parties may breach its contractual obligations, generating an eventual financial loss for Grupo Clarín.

Credits involving the Cable Television and Internet Access Segment

The credit risk affects cash and cash equivalents, deposits held at banks and financial institutions, as well as credit exposures with clients, including other remaining credits and transactions involved. The company actively monitors the credit worthiness of their treasury instruments and the counterparties related to derivatives in order to minimize credit risk. Upon expiration of invoices issued, if they are still outstanding, these companies file several claims for collection purposes.

Bank deposits are held in renowned institutions.

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No significant credit risk concentration is observed concerning clients, due to the atomization of the subscriber base.

As of December 31, 2016 and 2015, non-impaired past due trade receivables amounted to approximately Ps. 454.8 million and Ps. 342.0 million, respectively. These receivables involve subscribers with no recent insolvency record.

As of the same dates, the allowance for bad debts amounted to Ps. 203.5 million and Ps. 131.1 million, respectively. This allowance for trade receivables is sufficient to cover the past due doubtful trade receivables.

Credits of the Printing and Publishing Segment

The companies that operate in this segment conduct an analysis of the clients' financial position at the beginning of the business relationship, through a credit risk report requested from several credit rating agencies. The credit amount granted to each client is monitored on a daily basis, with reports being submitted to the financial management.

The credit risk affects cash and cash equivalents, deposits held at banks and financial institutions, as well as credit granted to clients.

The maximum theoretical credit risk exposure of the companies operating in this segment is represented by the book value of net financial assets, disclosed in the consolidated balance sheet.

For the purposes of conducting an analysis of the suitability of the allowance for bad debts, these companies consider each client on a case by case basis, verifying, among other factors, if there is any record of delinquency, risk of bankruptcy, insolvency proceeding or other judicial proceeding. Trade receivables comprise a significant number of clients and are internally classified among the following categories: Advertising, Official, Distribution, Internet and Subscriptions, among others.

The companies that operate in this segment have recorded an allowance for doubtful accounts accounting for 4% of accounts receivable as of December 31, 2016 and 2015.

The companies that operate in this segment did not set up an allowance for bad debts for those amounts in which no significant change was recorded in the credit rating, considering such amounts as recoverable.

The companies that operate in this segment have a wide range of clients, including individuals, businesses - medium-and-large-sized companies - and governmental agencies. Therefore, these companies' receivables are not subject to credit risk concentration.

Credits from the Broadcasting and Programming Segment

Credit risk represents for the companies that operate in this segment the risk of incurring in losses arising from possible breaches of the contractual obligations assumed by business or financial counterparties. This risk may be due to economic or financial factors, or to particular circumstances of the counterparty, or to other economic, commercial or administrative factors.

Credit risk affects cash and cash equivalents, deposits held at banks and financial institutions in a wide sense, and every form of credit granted to the companies that operate in this segment. The maximum exposure to

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credit risk is represented by the value of financial assets considered as a whole, recorded in the Consolidated Balance Sheet under Cash and Banks, Other Investments, Trade Receivables and Other Receivables.

Financial instruments are executed with creditworthy banks and financial institutions renowned in the market and for terms not longer than three months. In this sense, the companies that operate in this segment have a policy of diversifying their investments among different banks and financial institutions, thus reducing the concentration risk in only one counterparty.

As to the credit risk related to financial credit, the companies that operate in this segment evaluate the credit standing of the different counterparties to define their investment levels, based on their equity and credit rating. As to Trade Receivables, such companies have a wide range of clients, categorized depending on the type of business. These categories are: Advertising, Signals, Programming and other. Within this classification, clients can also be classified as advertising agencies, direct advertisers, distributors of cable TV, broadcast TV stations and other, each of them of a different magnitude. Due to this diversity of clients, there is not a significant credit risk concentration in this respect.

The allowance for bad debts is set up upon conducting an analysis of the debtor portfolio, which is recorded as follows:

- In the case of individual risks identified (risks of bankruptcy, insolvency proceedings or judicial proceedings pending with the company), for its total value.
- The rest of the cases is decided based on the aging of the past due debt, the progress of the collection procedures, the solvency conditions and the variations observed in the clients' settlement periods.

11.1.8. Liquidity Risk Management

Liquidity risk is the risk that Grupo Clarín may not be able to fulfill its financial obligations at maturity. Grupo Clarín manages liquidity risk through the management of its capital structure and, if possible, the access to different capital markets. It also manages liquidity risk through a constant review of the estimated cash flows to ensure that it will have enough liquidity to fulfill its obligations.

11.1.8.1 Interest Rate Risk and Liquidity Risk Table

The following table shows the breakdown of financial liabilities by relevant groups of maturities based on the remaining period as from the date of the balance sheet through the contractual maturity date. The amounts disclosed in this table represent undiscounted cash flows (principal plus contractual interest).

Information as of December 31, 2016:

<u>Maturities</u>	<u>Debt</u>	<u>Other Debts</u>
Matured	-	595
Without any established term	-	209
First Quarter 2017	249	1,937
Second Quarter 2017	47	289
Third Quarter 2017	49	33
Fourth Quarter 2017	41	26
More than 1 year	603	201
	<u>989</u>	<u>3,290</u>

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Information as of December 31, 2015:

<u>Maturities</u>	<u>Debt</u>	<u>Other Debts</u>
Matured	-	1,216
Without any established term	2	234
First Quarter 2016	843	3,214
Second Quarter 2016	397	409
Third Quarter 2016	1,068	367
Fourth Quarter 2016	1,201	27
More than 1 year	4,478	197
	7,989	5,664

11.1.9. Financial Instruments at Fair Value

The following table shows Grupo Clarín's financial assets and liabilities measured at fair value at the closing of the reporting year:

	<u>December 31, 2016</u>	<u>Quoted Prices (Level 1)</u>	<u>Other Significant Observable Items (Level 2)</u>
<u>Assets</u>			
Current Investments	306	215	91
	<u>December 31, 2015</u>	<u>Quoted Prices (Level 1)</u>	<u>Other Significant Observable Items (Level 2)</u>
<u>Assets</u>			
Current Investments	1,144	1,115	29
Financial Instruments	58	-	58

Financial assets and liabilities are valued using quoted prices for identical assets and liabilities (Level 1), and the prices of similar instruments arising from sources of information available in the market (Level 2). At the closing of the reporting years, Grupo Clarín did not have any financial asset or liability for which a comparison had not been conducted against observable market data to determine their fair value (Level 3).

11.1.10. Fair Value of Financial Instruments

The book value of cash, accounts receivable and current liabilities is similar to their fair value, due to the short-term maturities of these instruments.

The book value of receivables with estimated collection periods that extend through time, is measured considering the estimated collection period, the time value of money and the specific risks of the transaction at the time of measurement and, therefore, such book value approximates its fair value.

Non-current investments classified as loans and receivables have been measured at amortized cost, and their book value approximates their fair value.

The fair value of non-current financial liabilities (Level 2) is measured based on the future cash flows of those liabilities, discounted at a representative market rate available to Grupo Clarín for liabilities with similar terms (currency and remaining term) prevailing at the time of measurement.

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The following table shows the estimated fair value of non-current financial liabilities:

	December 31, 2016		December 31, 2015	
	Book Value	Fair Value	Book Value	Fair Value
Non-Current Debt	469	443	4,033	3,903

NOTE 12 - INTERESTS IN SUBSIDIARIES AND AFFILIATES

- a. During 2007, AGEA increased its interest in CIMECO from 33.3% to 50.0%, and executed call and put options on an additional interest in CIMECO's capital stock. During 2008, AGEA partially assigned the rights and obligations arising from such options to its subsidiary AGR and to the Company. Subsequently, in 2008, AGEA, AGR and the Company exercised such call option, increasing, directly and indirectly, the Company's equity interest in CIMECO and Papel Prensa to 100% and 49%, respectively.

On April 10, 2008, the Company and the parties to the above-mentioned transaction notified CNDC of such transaction and on May 12, 2008 filed form F-1. After such notice and as of the date of these financial statements, the Company submitted additional information requested by the CNDC.

On February 3, 2017, the Company, AGEA and AGR were served with Resolution No. 75 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017, corresponding to CNDC Opinion No. 1,417 dated December 22, 2016, whereby it authorized the above-mentioned transaction.

- b. On January 11, 2008, IESA acquired the controlling interest of a group of companies mainly engaged in sports journalism, production and commercialization of shows, and the production of motor racing television broadcasting. The share purchase agreement sets forth certain objectives to be met by such group of companies. In case of breach of such provision, the sellers shall have to pay an indemnification. On February 8, 2017, IESA was served with Resolution No. 59 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,407 dated December 15, 2016, whereby it authorized the above-mentioned transactions.
- c. On September 2, 2008, ARTEAR increased its equity interest in Pol-Ka and SB Producciones S.A. to 55% of such companies' capital stock and votes, thus acquiring a controlling interest in both companies, in which it previously exercised common control. On February 8, 2017, ARTEAR was served with Resolution No. 73 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,406 dated December 15, 2016, whereby it authorized the above-mentioned transactions.
- d. On February 10, 2011, CMD sold to a third party all of its shares of Dinero Mail, for approximately USD 4.4 million in cash; part of the price was withheld as guarantee.
- e. On August 17, 2011, CMD executed a stock purchase agreement, whereby it increased by 20% its interest in Interpatagonia S.A. (now Interwa S.A.), where it now holds 80% of the capital stock. CMD paid approximately Ps. 4.3 million in consideration for the shares.

On November 25, 2014, one of the sellers of Interwa S.A.'s shares, as mentioned in Note 10 to these consolidated financial statements, exercised its put option for 6.66% of the shares of that company for approximately Ps. 1.5 million, payable in six monthly installments as from December 2014.

On January 8, 2015, CMD exercised the call option for an additional 6.66% of the equity interest in Interwa S.A. as mentioned under Note 10 to these consolidated financial statements, for approximately Ps. 1.5 million, payable in five monthly installments as from January 2015.

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- f. On September 30, 2015, ARTEAR and AGEA, together with other companies, created a company under the name "RPA Media Place S.A.," engaged in advertising on digital websites, with an equity capital of Ps. 100,000. Each of ARTEAR and AGEA hold a 19% interest in RPA Media Place S.A. On November 14, 2015, that company was registered with the IGJ.
- g. On August 20, 2015, FEASA together with Publirevistas S.A., created a company under the name "Exponenciar S.A.," engaged in the organization, development and operation of fairs, exhibitions, seminars and conferences, with an equity capital of Ps. 100,000. FEASA holds a 50% interest in Exponenciar S.A. As of the date of these financial statements, the incorporation of that company is pending registration with the IGJ.
- h. On October 8, 2015, CMD entered into a stock purchase agreement, whereby it increased its interest in Electro Punto Net S.A. by 26%. The amount of this transaction is of approximately Ps. 11.8 million. In December 2015, Electro Punto Net S.A. capitalized irrevocable contributions made by CMD for Ps. 8 million, increasing CMD's interest in the capital stock of Electro Punto Net S.A. to 54.3%. In December 2016, Electro Punto Net S.A. capitalized irrevocable contributions made by CMD for Ps. 86 million, increasing CMD's interest in the capital stock of Electro Punto Net S.A. to 65.6%.
- i. On September 10, 2015, the Board of Directors of Cablevisión approved the assignment of the rights and obligations held by Grupo Clarín under an offer it had submitted to NII Mercosur Telecom, S.L.U. and NII Mercosur Móviles, S.L.U. (hereinafter, the "Sellers") for the acquisition of 49% of the capital stock of NEXTEL COMMUNICATIONS ARGENTINA S.R.L. and an option to acquire, together with its subsidiary Televisión Dirigida S.A., subject to certain conditions -among them, the regulatory approvals- 51% of the remaining capital stock. The price of the transaction was USD 165 million (out of this amount, USD 80 million accounts for 49% and USD 85 million accounts for 51%) plus the right to collect an additional amount of up to USD 13 million subject to the fulfillment of certain conditions. The offer submitted by Grupo Clarín was subject to the acceptance of the Sellers. On September 11, 2015, the Sellers accepted the offer submitted by Grupo Clarín and, on the same date, the Sellers accepted the assignment of the rights under such offer in favor of Cablevisión, offering Cablevisión the acquisition of 49 % of the capital stock of NEXTEL and the option to acquire the remaining 51%. In order to guarantee the rights and obligations under the offer, the capital stock owned by NII Mercosur Móviles, S.L.U was pledged (subject to registration with the Public Registry of Commerce). The transaction was completed on September 14, 2015, upon payment by Cablevisión and its subsidiary of an aggregate USD 159 million. The companies undertook to create a guarantee fund with the USD 6 million balance to cover any potential liabilities of NEXTEL (this fund was set up on October 7, 2015). In addition, upon the fulfillment of certain conditions precedent, on October 1, 2015, Cablevisión paid to the Sellers the additional amount of USD 12.73 million. On June 3, 2016, the assignment of 49% of the capital stock of NEXTEL in favor of Cablevisión was registered with the IGJ. Under the terms of the offer, NEXTEL would continue to be controlled and operated by the Sellers until the option to acquire the remaining 51% of the capital stock had been exercised.

As of December 31, 2015, the call option was not legally exercisable and uncertainties remained regarding the obtainment of the required regulatory authorization. As of December 31, 2015, Cablevisión did not have control over NEXTEL taking into consideration the elements provided under IFRS 10. Therefore, it did not consolidate NEXTEL as of such date. In January 2016, the regulatory framework changed and the regulatory authorization of the transaction was no longer necessary.

In addition, on January 27, 2016, Cablevisión and its subsidiary Televisión Dirigida S.A. decided to exercise the option to acquire the remaining 51% of the capital stock and votes of NEXTEL, and, consequently, Cablevisión became the holder of 51.4% of the capital stock and votes of NEXTEL and Televisión Dirigida S.A. became the holder of the remaining 48.6%. To such effect, on the same date,

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NEXTEL's management took notice of the release of the pledge that had been set up to guarantee the rights and obligations under the offer. On July 26, 2016, the IGJ registered the assignment of the remaining 51% of the capital stock (see Note 9.4.4.).

On June 30, 2016, the controlled company Televisión Dirigida S.A. performed the transfer of: (i) 392,774,929 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 48.5% of the capital stock and votes of NEXTEL, in favor of Cablevisión; and (ii) 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL, in favor of PEM S.A. As a consequence of the above-mentioned assignments of membership interests, Cablevisión holds a 99.9% interest in the capital stock and votes of NEXTEL, and the remaining 0.1% is held by PEM S.A. Those transactions were registered with the IGJ on November 25, 2016.

On December 28, 2016, PEM S.A. transferred to Cablevisión 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL. As a result of the assignment of the membership interests described above, Cablevisión became the holder of 810,236,480 membership interests with nominal value of Ps.1 and entitled to one vote per membership interest, representing 100% of the capital stock and votes of NEXTEL. The Company has filed with the IGJ the registration of the assignment of the membership interests, which, to date, is pending before that agency.

As of December 31, 2015, Cablevisión concluded the process of allocating the acquisition cost of 49% of the capital stock of NEXTEL and calculated a gain from this acquisition of Ps. 316.7 million, taking into consideration that the valuation of its identifiable assets, liabilities and contingent liabilities in proportion to the equity interest acquired, exceeds the acquisition cost.

During this year, Cablevisión concluded the process of allocating the acquisition cost of 51% of the capital stock of NEXTEL and calculated a gain from this acquisition of Ps. 114.1 million, taking into consideration that the valuation of its identifiable assets, liabilities and contingent liabilities in proportion to its equity interest exceeds the acquisition cost.

The following is a detail of the additional information required under IFRS with respect to business combinations corresponding to the transaction that resulted in Cablevisión's control over NEXTEL.

The assets and liabilities recognized as a result of the acquisition are the following (in millions of Ps.):

	As of Acquisition Date
Cash and Banks	1,140.8
Other Investments	928.7
Trade Receivables	386.9
Other Receivables	101.2
Inventories	222.2
Other Non-Current Receivables	21.3
Deferred Tax Assets	167.2
Property, Plant and Equipment	650.9
Intangible Assets	43.3
Trade Payables and Other	(484.2)
Taxes Payable	(176.9)
Other Debts	(144.2)
Provisions and Other	(387.8)
Identifiable assets acquired, net	<u>2,469.4</u>
Less investment in associate as of December 31, 2015	(1,201.0)
Income from Acquisition of Associates	(114.1)
Total consideration transferred	(1) <u><u>1,154.3</u></u>

(1) Receivables from the call option.

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- j. In June 2016, Cablevisión, together with its subsidiary NEXTEL, acquired 100% (97% NEXTEL and 3% Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A. both owners of 100% of the capital stock of Trixco S.A., holder of licenses for the use of the radioelectric spectrum in the 900 Mhz bands. NEXTEL acquired 100% of the capital stock of WX Telecommunications LLC and Greenmax Telecommunications LLC, which are the controlling companies of Skyonline Argentina S.A., Netizen S.A., Infotel S.A. and Callbi S.A., among the most important subsidiaries. The latter render wireless telecommunications services and hold licenses for the use of the radioelectric spectrum in the 2.5 Ghz bands. The aggregate price for those transactions was USD 138.2 million, equivalent to Ps. 2,036 million.

During the year, Cablevisión concluded the process of allocating the acquisition cost of 100% (97% to NEXTEL and the remaining 3% to Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A., both owners of 100% of the capital stock of Trixco S.A., and calculated goodwill from this acquisition in the amount of Ps. 801.7 million.

The following is a detail of the additional information required under IFRS with respect to business combinations corresponding to the transaction that resulted in the acquisition of the above-mentioned companies.

The assets and liabilities recognized as a result of the acquisition are the following (in millions of Ps.):

	<u>As of Acquisition Date</u>
Cash and Banks	10.3
Other Investments	2.1
Trade Receivables	5.7
Other Receivables	14.1
Other Non-Current Receivables	3.0
Property, Plant and Equipment	18.5
Intangible Assets	1,860.6
Trade Payables and Other	(18.3)
Taxes Payable	(9.9)
Other Debts	(0.6)
Deferred Tax Liabilities	(651.2)
Identifiable assets acquired, net	<u>1,234.3</u>
Goodwill	<u>801.7</u>
Total consideration transferred	<u><u>2,036.0</u></u>

- k. On June 30, 2016, the Company, as the sole shareholder, formed a new subsidiary, "GCSA Equity, LLC".
- l. On August 8, 2016, a subsidiary of CMD, Electro Punto Net S.A., executed an asset transfer agreement, whereby it acquired from Meroli Hogar S.A. certain assets related to the business of online retail and sale of home appliances and electronic products in the Province of Córdoba. The transaction includes negative covenants to be fulfilled by the shareholders of Meroli Hogar S.A. The aggregate amount of these transactions is of USD 3.5 million, out of which USD 2.75 million is payable on the date of execution of the agreement and the rest is payable on the first anniversary of the execution date.
- m. On August 16, 2016, the Board of Directors of Cablevisión approved the Pre-Merger Commitment executed between that Company, Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Primera Red Interactiva de Medios Argentinos (PRIMA) S.A., Cable Video SUR S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A., whereby, on the effective date of the merger -October 1, 2016- ("Effective Date of the Merger"), Cablevisión, as absorbing company, will continue with the operations of Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Primera Red Interactiva de Medios Argentinos (PRIMA) S.A., Cable Video SUR S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A. (the "Absorbed Companies"), thus generating the

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corresponding operating, accounting and tax effects. As a result of the above-mentioned corporate reorganization process, the Absorbed Companies will be dissolved without liquidation and Cablevisión S.A. will assume all the activities, receivables, property and all the rights and obligations of the above-mentioned companies, existing on the Effective Date of the Merger, or any that may exist or arise due to previous or subsequent acts or activities.

At the Extraordinary Shareholders' Meeting of Cablevisión held on September 27, 2016, the shareholders approved, among other issues: (i) the Special Parent Company Only Financial Statement and the Special Balance Sheet for Merger as of June 30, 2016, which were used as a basis for the execution of the Pre-Merger Commitment, and (ii) the Pre-Merger Commitment executed on August 16, 2016 between Cablevisión and the Absorbed Companies.

In view of the above, Cablevisión made a filing with the ENACOM in order to inform that Agency of the corporate reorganization to be implemented, so that it would consequently register under the name of the absorbing company the "Area Authorizations" required to exploit Cable Television Services corresponding to Copetonas Video Cable S.A., Dorrego Televisión S.A., Indio Rico Cable Color S.A., Cable Video Sur S.A., and Tres Arroyos Televisora Color S.A. The license for Wolves Televisión S.A. was abandoned because Cablevisión already has an Area Authorization in the jurisdiction where Wolves Televisión S.A. exploited the Cable Television Service. In addition, PRIMA and Cablevisión made a filing with the ENACOM in order to request that Agency to register the license that had been granted to PRIMA in favor of Cablevisión as a consequence of the corporate reorganization process.

In addition, at the Extraordinary Shareholders' Meeting held on September 27, 2016, the shareholders also unanimously approved: (i) the amendment of Article Three of the Bylaws in order to conform the core business of Cablevisión to the new regulatory framework under Laws Nos. 27,078 and 26,522, and (ii) the amendment of Articles Nine and Ten of the Bylaws in order to eliminate the Executive Committee. Both amendments of the Bylaws were filed with the CNV for its approval.

- n. On November 7, 2016, ARTEAR executed a share assignment, sale and transfer agreement for Ps. 8.7 million, whereby ARTEAR acquired 5,225,000 common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share, representing 100% of the capital stock of Producciones YAQ S.A. ARTEAR had paid the full amount under the agreement as of the date of these financial statements.
- o. On October 25, 2016, ARTEAR executed a share assignment, sale and transfer agreement for USD 500,000, whereby it acquired 51,699 common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share, representing 40.0004% of the capital stock of Canal Rural Satelital S.A. ARTEAR had paid the full amount under the agreement as of the date of these financial statements.

NOTE 13 – ASSETS AND LIABILITIES HELD FOR DISTRIBUTION TO SHAREHOLDERS AND DISCONTINUED OPERATIONS

As described in Note 25 to the consolidated financial statements as of December 31, 2016, certain assets and liabilities have been classified as of that date as "Assets held for distribution to shareholders" and as "Liabilities held for distribution to shareholders", respectively, as required under IFRS.

The following is a detail of those consolidated assets and liabilities disclosed under "Assets held for distribution to shareholders" and "Liabilities held for distribution to shareholders" as of December 31, 2016 (in millions of Argentine Pesos):

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	<u>December 31, 2016</u>
ASSETS	
NON-CURRENT ASSETS	
Property, Plant and Equipment	15,365
Intangible Assets	1,906
Goodwill	3,516
Deferred Tax Assets	82
Investment in Unconsolidated Affiliates	282
Other Investments	817
Other Receivables	290
Total Non-Current Assets	<u>22,258</u>
CURRENT ASSETS	
Inventories	267
Other Receivables	633
Trade Receivables	1,674
Other Investments	2,003
Cash and Banks	1,247
Total Current Assets	<u>5,824</u>
Total Assets Held for Distribution to Shareholders	<u>28,082</u>
LIABILITIES	
NON-CURRENT LIABILITIES	
Provisions and Other	955
Deferred Tax Liabilities	375
Debt	8,579
Taxes Payable	4
Other Liabilities	110
Total Non-Current Liabilities	<u>10,023</u>
CURRENT LIABILITIES	
Debt	1,014
Taxes Payable	1,621
Other Liabilities	247
Trade Payables and Other	4,357
Total Current Liabilities	<u>7,239</u>
Total Liabilities Held for Distribution to Shareholders	<u>17,262</u>

In connection with the same situations mentioned above, the following is a detail of the results for the years ended December 31, 2016 and 2015, classified as discontinued operations in these consolidated financial statements (in millions of Argentine Pesos):

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Revenues	30,571	20,125
Cost of Sales ⁽¹⁾	(14,262)	(9,341)
Subtotal - Gross Profit	16,309	10,784
Selling Expenses ⁽¹⁾	(4,398)	(2,525)
Administrative Expenses ⁽¹⁾	(3,641)	(2,628)
Income from Acquisition of Companies	114	-
Other Income and Expenses, net	(11)	2
Financial Costs	(2,586)	(2,785)
Other Financial Results	127	(147)
Financial Results, net	(2,459)	(2,932)
Equity in Earnings from Affiliates and Subsidiaries	111	482
Income before Income Tax and Tax on Assets	6,025	3,183
Income Tax and Tax on Assets	(2,069)	(875)
Net Income from Discontinued Operations	<u>3,956</u>	<u>2,308</u>

⁽¹⁾ Includes amortization of intangible assets, and depreciation of property, plant and equipment in the amount of Ps. 2.660 million and Ps. 1.662 million for the years ended December 31, 2016 and 2015, respectively.

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In connection with the same situations mentioned above, the following is a detail of the cash flows for the years ended December 31, 2016 and 2015, classified as discontinued operations in these consolidated financial statements (in millions of Argentine Pesos):

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
CASH PROVIDED BY OPERATING ACTIVITIES		
Net Income from Discontinued Operations	3,956	2,309
Income Tax and Tax on Assets	2,069	875
Accrued Interest, net	512	370
Adjustments to reconcile net income for the period to cash provided by discontinued operations:		
Depreciation of Property, Plant and Equipment	2,519	1,531
Amortization of Intangible Assets and Film Library	141	131
Net allowances	519	312
Financial Income, except interest	1,220	1,526
Equity in Earnings from Affiliates and Subsidiaries	(111)	(483)
Income from Acquisition of Associates	(114)	-
Other Income and Expenses	(7)	-
Retirement of Property, Plant and Equipment, Net	331	170
Retirement of Intangible Assets, Net	3	1
Changes in Assets and Liabilities	276	244
Income Tax and Tax on Assets Payments	(1,346)	(749)
Net Cash Flows Provided by Discontinued Operating Activities	<u>9,968</u>	<u>6,237</u>
CASH PROVIDED BY INVESTMENT ACTIVITIES		
Acquisition of Property, Plant and Equipment, net	(9,044)	(4,343)
Acquisition of Intangible Assets	(23)	(8)
Payments for Acquisition of Subsidiaries, Net of Cash Acquired	(2,032)	(799)
Acquisition of Call Option	-	(850)
Proceeds from Sale of Property, Plant and Equipment and other	8	1
Dividends collected	1	32
Collections of Interest	19	3
Collection of Certificates of Deposit	118	223
Transactions with Securities, Bonds and Other Financial Instruments, Net	(90)	154
Net Cash Flows used in Discontinued Investment Activities	<u>(11,043)</u>	<u>(5,587)</u>
CASH PROVIDED BY FINANCING ACTIVITIES		
Loans Obtained	7,500	1,271
Repayment of Loans and Issue Expenses	(6,489)	(1,032)
Payment of Interest	(962)	(587)
Collections on Derivatives	23	47
Payments to Non-Controlling Interests, net	(604)	(178)
Net Cash Flows used in Discontinued Financing Activities	<u>(532)</u>	<u>(479)</u>

NOTE 14 - RESERVES, ACCUMULATED INCOME AND DIVIDENDS

	<u>December 31,</u>	<u>December 31,</u>
Balances at the beginning of the year:		
Legal Reserve	119,460,767	119,460,767
Retained Earnings	1,884,929,369	804,101,687
Other Reserves	(3,653,767)	(209,686)
Optional Reserves	2,625,678,396	2,071,576,709
Total	4,626,414,765	2,994,929,477
Net Income Attributable to the Parent Company	2,530,041,832	1,884,929,369
Dividend Distribution	(300,000,000)	(250,000,000)
Changes in Reserves for Acquisition of Investments	(55,231,356)	(3,444,081)
Balance at the end of the year	<u>6,801,225,241</u>	<u>4,626,414,765</u>

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a. Grupo Clarín

On April 25, 2016, at the Annual Ordinary Shareholders' Meeting of the Company, the shareholders decided, among other things, to appropriate the net income for the fiscal year 2015, which amounted to Ps. 1,884,929,369, as follows: (i) Ps. 300,000,000 to the distribution of dividends payable within 30 days as from the date of the Shareholders' Meeting and (ii) Ps. 1,584,929,369 to the reserve for future dividends.

b. Cablevisión

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 750 million, payable in Argentine Pesos or US Dollars within a term of thirty days as from the date of such Shareholders' Meeting and delegated on the Board of Directors of Cablevisión the power to establish the time and payment method. Of that amount, approximately Ps. 300.1 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, Cablevisión paid Ps. 749.7 million of distributed dividends.

Also, on June 30, 2016, at the General Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 749 million, payable within thirty days as from the date on which the Shareholders' Meeting was held. Of that amount, approximately Ps. 299.6 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, all the dividends had been paid.

At the General Extraordinary Shareholders' Meeting held on January 12, 2016, the shareholders of Cablevisión decided, among other things, i) to cancel 207,157 Class B common book-entry treasury shares with a nominal value of Ps. 1 representing 0.1% of the capital stock and votes of that Company; and, consequently, to reduce the capital stock by Ps. 207,157, (ii) to ratify the amendment of Section 4 of the Bylaws approved by the shareholders at the Extraordinary Shareholders' Meeting held on June 30, 2014, which, among other things, had amended the nominal value of shares from Ps. 1 to Ps. 10,000, and (iii) to delegate on the Board of Directors the power to determine and establish the time, form and conditions of the shares representing the new capital stock to be issued, as well as the payment of the fractions, if any.

In light of the above, on June 29, 2016, the Board of Directors of Cablevisión completed the implementation process to pay fractions in cash and change the nominal value (of the company's shares) and change the nominal value (of the company's shares) and, therefore, the capital stock of Cablevisión is now of Ps. 197,300,000, represented by 19,730 shares, of which i) 15,785 are Class A book entry shares, with nominal value of Ps. 10,000 each and entitled to 1 vote per share, and ii) 3,945 are Class B book entry shares, with nominal value of Ps. 10,000 each and entitled to 1 vote per share. At the same meeting of the Board of Directors new shares were issued.

Subsequently, at the General Extraordinary Shareholders' Meeting held on June 30, 2016, the shareholders decided to capitalize in full the following accounts: (i) Paid-in Capital, in the amount of Ps. 134,234,500, (ii) merger surplus, in the amount of Ps. 2,894,151 and (iii) the partial capitalization of the "Optional Reserve to Maintain the Company's Level of Capital Expenditures and its Current Solvency Level" in the amount of Ps. 865,571,349, thus increasing the capital stock from Ps. 197,300,000 to Ps. 1,200,000,000 through the issuance of 100,270 new common book-entry shares with nominal value of Ps. 10,000 and entitled to 1 vote per share, of which 80,221 will be Class A common book-entry shares and 20,049 will be Class B common book-entry shares.

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NOTE 15 - NON-CONTROLLING INTEREST

	December 31, 2016	December 31, 2015
Balances as of January 1st	3,175,288,997	2,282,464,286
Equity in the Earnings of Other Companies for the year	1,649,569,354	1,030,981,112
Dividends and Other Movements of Non-Controlling Interest	(621,111,296)	(185,625,297)
Variation in Translation Differences of Foreign Operations	212,626,908	47,468,896
Balance at the end of the year	4,416,373,963	3,175,288,997

The following is a detail of certain supplementary information required by IFRS about the non-controlling interest in Cablevisión. The information corresponds to the subsidiary's identifiable assets and liabilities on which the Company values its investment. The amounts are stated in millions of pesos and do not take into consideration intercompany deletions.

	December 31,	December 31,
Country	Argentina	Argentina
Non-controlling interest percentage	40.0%	40.0%
Comprehensive income for the year allocated to non-controlling interest	1,739	1,034
Accumulated non-controlling interest at year-end	3,928	2,808
<u>Summarized financial information:</u>		
Dividends distributed to Non-Controlling Interests	600	174
Current assets	5,822	4,436
Non-current assets	21,610	14,547
Current liabilities	7,203	6,489
Non-current liabilities	9,964	4,269
Revenues	30,571	20,125
Net Income from Continuing Operations	4,060	2,450
Other Comprehensive Income	422	147
Total Comprehensive Income	4,482	2,597
Cash and Cash Equivalents at Year-end	2,629	2,177

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NOTE 16 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following table contains the outstanding balances with related parties:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>Other Receivables</u>		
Non-Current		
Under Joint Control	9,449,096	9,212,575
Other Related Parties	4,200	-
	<u>9,453,296</u>	<u>9,212,575</u>
Current		
Under Joint Control	1,712,712	2,385,289
Other Related Parties	43,673,728	19,918,734
	<u>45,386,440</u>	<u>22,304,023</u>
<u>Trade Receivables</u>		
Current		
Under Joint Control	25,636,838	17,705,032
Other Related Parties	119,220,158	2,372,249
	<u>144,856,996</u>	<u>20,077,281</u>
<u>Trade Payables and Other</u>		
Current		
Under Joint Control	16,533,444	77,149,743
Other Related Parties	51,852,341	17,756,038
	<u>68,385,785</u>	<u>94,905,781</u>
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>Debt</u>		
Non-Current		
Under Joint Control	9,449,096	9,212,575
Other Related Parties	367,813,013	-
	<u>377,262,109</u>	<u>9,212,575</u>
Current		
Other Related Parties	-	22,708,882
	-	<u>22,708,882</u>
<u>Other Liabilities</u>		
Current		
Other Related Parties	3,539,651	39,490
	<u>3,539,651</u>	<u>39,490</u>

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The following table shows the operations with related parties for the years ended December 31, 2016 and 2015:

	Item	December 31, 2016	December 31, 2015
Under Joint Control			
	Advertising Sales	27,221,296	16,153,503
	Printing Services Sales	(1,892,056)	1,590,846
	Other Sales	96,769,444	63,758,750
	Fees for Services	57,862	(54,343)
	Productions and Co-Productions	-	(2,005,651)
	Printing and Distribution Costs	(32,250,670)	(31,816,780)
	Interest Income	2,386,521	2,380,000
	Interest Expense	(2,386,521)	(2,380,000)
	Advertising and Promotion Expenses	(8,094,133)	(4,726,829)
	Other Expenses	-	(18,029)
Other Related Parties			
	Advertising Sales	96,282,881	63,572,372
	Printing Services Sales	55,274,765	43,425,538
	Circulation Sales	30,079	15,217
	TV Signals Sales	208,240,322	176,172,723
	Other Sales	401,284,896	314,553,227
	Fees for Services	(2,413,443)	(24,190,032)
	Printing and Distribution Expenses	(660,261)	(589,939)
	Interest Income	-	1,980,648
	Interest Expense	(2,342,563)	(21,083,536)
	Services and Satellites Expenses	(3,543,231)	(5,683,371)
	Communication Expenses	(13,631,693)	(5,883,782)
	Advertising and Promotion Expenses	(7,358,940)	(10,301,696)
	Other Purchases	(306,884,709)	(281,408,575)
	Other Expenses	(8,249,554)	(4,289,329)

The fees paid to the Board of Directors and the Upper Management of Grupo Clarín for the years ended December 31, 2016 and 2015 amounted to approximately Ps. 340 million and Ps. 450 million, respectively.

NOTE 17 – EARNINGS PER SHARE

The following table shows the net income and the weighted average of the number of common shares used in the calculation of basic earnings per share:

	December 31, 2016	December 31, 2015
Net Income used in the Calculation of Basic Earnings per Share (gain):		
From Continuing Operations	1,873,615,997	1,884,929,369
From Discontinued Operations	656,425,835	-
	2,530,041,832	1,884,929,369
Weighted Average of the Number of Common Shares used in the Calculation of Basic Earnings per Share		
	287,418,584	287,418,584
Earnings per Share	8.80	6.56

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GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

The weighted average of the number of outstanding shares was 287,418,584. Since no debt securities convertible into shares were recorded, the same weighted average should be used for the calculation of diluted earnings per share.

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Basic and Diluted Earnings per Share		
From Continuing Operations	0.82	2.02
From Discontinued Operations	7.98	4.54
Total Earnings per Share	8.80	6.56

Dividends paid in the year 2016 amounted to Ps. 300,000,000 (Ps. 1.04 per share).

NOTE 18 - COVENANTS, SURETIES AND GUARANTEES PROVIDED

- a. Note 5.12.1 sets forth certain restrictions to which Cablevisión (by itself and as the surviving company and successor of Multicanal and Prima as a result of the respective mergers) is subject pursuant to the financial obligations described in such note.
- b. IESA is subject to contractual restrictions on the transfer of its equity interest in TRISA and Tele Net Image Corp.
- c. During the year 2009, AGR purchased a binding machine on credit. To secure the transaction, AGR granted the supplier a pledge over the machine. AGR granted joint and several guarantees for the loans granted by Banco Comafi S.A. and Standard Bank Argentina S.A. to Artes Gráficas del Litoral S.A.
- d. On September 25, 2012, GCGC executed a mortgage agreement on a building of its property securing the payment of the obligations under the loan with Banco de la Ciudad de Buenos Aires mentioned in Note 5.12.3. Grupo Clarín acts as guarantor of said financing.
- e. During 2014, AGR financed the acquisition of machinery and equipment through leasing agreements mentioned in Note 5.12.2 to these consolidated financial statements. Grupo Clarín and AGEA are joint debtors of said financing.
- f. On July 24, 2015, Grupo Clarín became the guarantor of certain financial obligations of AGEA, AGR and Cúspide with Banco Itaú Argentina S.A.
- g. In April 2016, Grupo Clarín became the guarantor for up to Ps. 65 million to secure certain financial obligations of AGEA with Banco Ciudad de Buenos Aires.
- h. During this year, the Company became the guarantor of a loan granted by Banco Santander Rio S.A. to GCGC. The guarantee will be effective until January 2019.
- i. During this year, the Company became the guarantor of a loan granted by Banco Santander Rio S.A. to Auto Sport. The guarantee will be effective until February 2019.

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NOTE 19 – AWARD OF A BID OF THE CITY OF BUENOS AIRES

On June 7, 2011, the Government of the City of Buenos Aires issued Decree No. 316 whereby it approved a public bidding process to contract comprehensive digital services for educational purposes for elementary school students in the City of Buenos Aires. Such services include, but are not limited to, the delivery of one netbook per student and one notebook per teacher under a gratuitous bailment agreement, connectivity, first and second level support, content access control, replacement in case of theft or damage and new license, both with certain limitations. The bid was awarded to PRIMA for a five-year term, which will start after certain requirements have been met. As consideration, PRIMA would receive an amount per student, teacher and school. As of December 31, 2011 the initial requirements had been met in order to bring the agreement into effect and to begin its billing. The contract expired on November 28, 2016. However, the parties agreed to a one-year extension.

NOTE 20 - LONG-TERM SAVINGS PLAN FOR EMPLOYEES

During the last quarter of 2007, the Company, together with its subsidiaries, began to implement a long-term savings plan for certain executives (directors and managers comprising the “executive payroll”), which became effective in January 2008. Executives who adhere to such plan undertake to contribute regularly a portion of their salary (variable within a certain range, at the employee’s option) to a fund that will allow them to strengthen their savings capacity. Each company of the Group where those executives render services will match the sum contributed by such executives. This matching contribution will be added to the fund raised by the employees. Under certain conditions, the employees may access such funds upon termination of their participation in the long-term savings plan.

Said plan provides for certain special conditions for those managers who were in the “executive payroll” before January 1st, 2007. Such conditions consist of supplementary contributions made by each company to the plan related to the executive’s years of service with the Group. As of December 31, 2016, such supplementary contributions made by the Company on a consolidated basis amount to approximately Ps. 49 million, and the charge to income is deferred until the retirement of each executive.

During 2013, certain changes were made to the savings system, although its operation mechanism and the main characteristics with regard to the obligations undertaken by the company were essentially maintained.

Pursuant to IAS No. 19, the above-mentioned savings plan qualifies as a Defined Contribution Plan, which means that the companies’ contributions shall be charged to income on a monthly basis as from the date the plan becomes effective.

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NOTE 21 – OPERATING LEASES**21.1 The Company as Lessee**

As of December 31, 2016 and 2015, the Company is a party to non-cancellable operating leases, which are currently effective and have different terms and renewal rights. The total amount of minimum future payments for non-cancellable operating leases is the following (in millions of Ps.):

	December 31, 2016	December 31, 2015
1 year	85	269
Between 1 and 5 years old	246	505
5 years or more	-	59
	<u>331</u>	<u>833</u>

21.2 The Company as Lessor

The total amount of minimum future collections for non-cancellable operating leases of certain property is the following (in millions of Ps.):

	December 31, 2016	December 31, 2015
1 year	11	-
Between 1 and 5 years old	4	-
	<u>15</u>	<u>-</u>

NOTE 22 – DERIVATIVES

The following is a detail of the derivatives held by the Company (amounts stated in millions of Argentine pesos):

	December 31, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Foreign Currency Forward Contracts – Fair Value Hedge	-	-	58.4	-
Total	<u>-</u>	<u>-</u>	<u>58.4</u>	<u>-</u>
Less non-current portion:				
Foreign Currency Forward Contracts – Fair Value Hedge	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current portion	<u>-</u>	<u>-</u>	<u>58.4</u>	<u>-</u>

No ineffectiveness has been recorded in connection with fair value hedges.

NOTE 23 - LAW No. 26,831 CAPITAL MARKETS

On December 28, 2012, Capital Markets Law No. 26,831 (the "Capital Markets Law"), passed on November 29, 2012 and enacted on December 27, 2012, was published in the Official Gazette. The Law provides for a comprehensive amendment of the public offering regime, previously governed by Law No. 17,811. Among other things, the new law enhances the National Government's oversight powers and changes the authorization,

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control and oversight mechanisms of all stages of the public offering process and the role of all the entities and individuals involved. The Law became effective on January 28, 2013.

On July 29, 2013, the National Government issued Decree No. 1023/2013 to regulate partially the Capital Markets Law that had been passed on November 29, 2012. Among other provisions, the Decree regulates Section 20 of said Law, pursuant to which the CNV may appoint an overseer with veto rights over the decisions made by the boards of directors of entities subject to the public offering regime, or otherwise remove the boards from such entities for up to 180 days until all deficiencies found by the CNV are solved. Said Emergency Decree amends the

Law it seeks to regulate and, therefore, constitutes a regulatory abuse. Thus, whereas the Law vests on the CNV the power to appoint an overseer or to remove the board of directors, the Decree allows the CNV to exercise that power if the shareholders and/or noteholders with a two percent (2%) interest in the company's capital stock or outstanding debt securities claim that they have suffered actual and certain damages or if they believe their rights may be seriously jeopardized in the future. The Decree also vests on the CNV the power to appoint the administrators or co-administrators that will hold office as a consequence of the removal of the boards of directors. Thus, the Decree amends the Law by granting the CNV powers that were not provided therein. By doing so, the Executive Branch is assuming strictly legislative functions in breach of constitutional provisions.

On September 5, 2013 within the framework of the Capital Markets Law and its Decree, the CNV issued Resolution No. 622/2013 (the "Rules"), whereby it approved the applicable Rules that repeal the Rules that had been effective until that date (as restated in 2001). The new Rules have introduced several changes in connection with CNV's powers over the companies under that agency's oversight, and also in connection with the information that these companies must disclose.

On August 20, 2013, at the request of Mr. Rubén Mario Szwarc, a minority shareholder of the Company, and by means of public deed number two hundred forty five, the Company was served notice of the decision rendered by Chamber A of the National Court of Appeals on Commercial Matters on August 12, 2013, in re "SZWARC, Rubén Mario v. National Government and Others on Preliminary Injunction" File No. 011419/2013. That Chamber decided, among other things, (i) to declare the unconstitutionality of Sections . 2, 4, 5, 9, 10, 11, 13, 15 and 16 of Law No. 26,854, and (ii) to order the provisional, injunctive suspension of Section 20, subsection a), second part, paragraphs I and II (or 1 and 2) of Law No. 26,831 and of all laws, rules or administrative acts issued or that may be issued pursuant to such legal provisions, with respect to Grupo Clarín S.A., until the judge that is finally declared competent to render a decision on the merits assumes full jurisdiction of the case and renders a final decision relating to the injunction.

NOTE 24 – EXTINCTION OF THE NOTES ISSUED BY AGEA

On January 28, 2014, AGEA repaid all of the USD 30.6 million aggregate principal amount outstanding and interest accrued as of such date on the Series C Notes issued by that company under the Global Program.

Pursuant to Article 16, Section V of Chapter I of Title III of the Restated Rules issued by the CNV, which governs the delisting due to non-existence of outstanding securities, upon the extinction of the Series C Notes, AGEA filed the required documentation with the CNV.

On August 5, 2014, the CNV served AGEA with a notice requesting the latter to submit information to prove the extinction of Series A, B and D Notes, issued by that company under the Global Program for the Issuance of Notes. On August 12, 2014, AGEA submitted the information requested by the CNV, providing evidence of the extinction of the notes.

On October 8, 2014, the CNV requested AGEA to make a filing in connection with the delisting. On October 16, 2014, AGEA submitted a Note to the CNV whereby it requested delisting due to the extinction of its notes.

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On April 4, 2016, the CNV revoked the authorizations that had been granted to AGEA for the public offering of its Notes, which entails the delisting of that company.

Once the authorization for public offering is cancelled due to the non-existence of outstanding securities, AGEA shall no longer be subject to the applicable regulations and legislation issued by the CNV, and shall become subject to the jurisdiction of the IGJ, and, therefore, to that agency's regulations.

NOTE 25 - THE COMPANY'S CORPORATE REORGANIZATION PROCESS

On September 28, 2016, at the Company's Extraordinary Shareholders Meeting, the shareholders approved the execution of a corporate reorganization process to be implemented in two successive steps: a) first the merger of Southtel Holdings S.A., Vistone S.A., Compañía Latinoamericana de Cable S.A. and CV B Holding S.A. (the "Absorbed Companies"), through which Grupo Clarín held a controlling interest in Cablevisión (the "Merger"), and, b) the subsequent partial spin-off of the Company to create a new company under the name Cablevisión Holding S.A. (the "Spin-off", and together with the Merger, the "Corporate Reorganization").

The purpose of the Corporate Reorganization is to enhance efficiency, synergy and streamlining of the Company's costs, processes and resources and to promote the specialization of the existing asset portfolio of Grupo Clarín and its subsidiaries. This will allow the Company to implement differentiated growth strategies and goals for, on the one hand, the telecommunications segment, and, on the other hand, the media business (print, TV, programming, radio etc.). Thus, each of those segments will be able to focus on its own markets, risks, organizational processes and capital structures.

As a result of the Merger, and since Grupo Clarín is the direct and indirect holder of 100% of the capital stock of the absorbed companies, Grupo Clarín's capital stock will not be increased. Therefore, it is not necessary to establish an exchange ratio. In addition, the absorbed companies will be dissolved early without liquidation and Grupo Clarín will assume, effective as from October 1, 2016 (the "Effective Date of the Merger"), the activities, receivables, property, rights and obligations of the above-mentioned companies, existing on the Effective Date of the Merger, or any that may exist or arise due to previous or subsequent acts or activities.

As part of the equity subject to spin-off, as provided under the Merger and Spin-off Prospectus filed with the CNV and published in the Financial Information Highway, the Company will transfer to Cablevisión Holding S.A. certain equity interests or participations held by Grupo Clarín, including the direct and indirect equity interests of Grupo Clarín in Cablevisión and in GCSA Equity, LLC. Consequently, once the Corporate Reorganization has been executed, Cablevisión Holding S.A. will become owner, directly or indirectly, of 60% of the capital stock and votes of Cablevisión and of 100% of the participations of GCSA Equity, LLC. Grupo Clarín will retain and continue with all the activities, operations, assets and liabilities that are not specifically allocated to Cablevisión Holding S.A.

The effective date of the Spin-off (the "Effective Date of the Spin-off") will be the first day of the month following the date on which the latest of the following registrations is completed: (i) the registration of the Corporate Reorganization with the IGJ, or (ii) the registration of the incorporation of Cablevisión Holding S.A. with the IGJ. As of the Effective Date of the Spin-off, Cablevisión Holding S.A. will begin its activities on its own account, the accounting effects of the Spin-off will become effective, and the operations, risks and benefits described in the Prospectus published by the Company will be transferred to Cablevisión Holding S.A.

As a result of the Spin-off of Grupo Clarín, its equity will be reduced pro rata and part of the Company's Class A, Class B and Class C shares will be cancelled in exchange for a set of shares of the same class and with substantially the same rights to be distributed by Cablevisión Holding S.A. Grupo Clarín will continue to be subject to the public offering regime in Argentina and Cablevisión Holding S.A. will request authorization to be admitted to the above-mentioned public offering regime in Argentina.

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The new company may also apply to have its shares listed on and admitted to trading on one or more local or foreign stock exchanges and/or markets.

The Corporate Reorganization detailed in this note is executed in compliance with applicable regulations of the General Associations Law and subject to obtaining the regulatory authorizations and/or intervention (as applicable) from the CNV, Merval, IGJ and *Ente Nacional de Comunicaciones* (National Communications Agency "ENACOM").

The terms and conditions of the Corporate Reorganization were established by the Directors of the Company, who approved the Special Parent Company Only Financial Statement of Grupo Clarín as of June 30, 2016, the Special Balance Sheet for Merger and Spin-off as of the same date and the Merger -and Spin-off Prospectus at the Board of Directors' Meeting held on August 16, 2016.

As of the date of these financial statements, the registration of the above-mentioned corporate reorganization process is pending before the CNV and the IGJ.

NOTE 26 – SUBSEQUENT EVENTS

- a. The events that took place subsequent to the closing of this year related to the regulatory framework applicable to the Company and its subsidiaries are described in Note 9.
- b. On February 7, CMD exercised the call option for 6.66% of the equity interest in Interwa S.A. for USD 100,000.
- c. Due to the strong reconfiguration of the commercial printing sector, a global phenomenon that also affects Argentina, at the beginning of 2017 AGR had to restructure its activities.

On January 16, 2017, AGR announced that it had ceased to operate its printing facility located in the neighborhood of Pompeya, which was engaged in the mass commercial printing business. At that facility, AGR used to print telephone directories and commercial catalogs, which are products that have been virtually discontinued.

Over the last years, AGR has unsuccessfully attempted to explore new ways of mitigating the effects of the drop in mass commercial printing, and preserve, at least partially, the sustainability of the Pompeya facility. Unfortunately, the huge challenge entailed by this change in the industry (now focused on segmented, personalized and distributed printing) was not supported by the internal commission of employee delegates, which systematically rejected all the proposals made by that company.

The decision to close that facility was aimed at preserving the sustainability of the rest of AGR's operations and at preventing the worsening of that company's financial position, in order to face the payment of severance payments to the personnel that used to work at that facility.

Notwithstanding the close-down of the Pompeya facility, AGR intends to continue operating at whatever scale the market may demand and, consequently, the matter was considered in these financial statements based on that premise.

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In the morning of January 16, a group of approximately 40 people, including the members of said internal commission, broke into the Pompeya facility, damaging entrance doors, windows, furniture and security cameras, and violently removed the employees that were inside the facility. Many of them are still at the facility, although the great majority of the employees have already agreed on their redundancy and collected their severance payments for a total amount of approximately Ps. 200 million as of the date of these financial statements.

NOTE 27 - APPROVAL OF FINANCIAL STATEMENTS

Grupo Clarín's Board of Directors has approved the consolidated financial statements and authorized their issue for March 10, 2017.

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Vice Chairman
and acting Chairman

SUPPLEMENTARY FINANCIAL INFORMATION

As of December 31, 2016

1. COMPANY ACTIVITIES

Grupo Clarín is the most prominent and diversified media group in Argentina and one of the most important in the Spanish-speaking world. It has presence in the printed media, radio, broadcast and cable television, audiovisual content production, the printing industry and Internet. Its leadership in the different media is a competitive advantage that enables Grupo Clarín to generate significant synergies and expand into new markets. Its activities are grouped into four main segments: Cable Television, Internet Access and Telephony Services, Printing and publishing, Broadcasting and Programming, and Digital content and other.

Among the main activities carried out during the year, the following were the most significant:

In the Printing and Publishing segment, during the year, the Company continued to publish its traditional newspapers and magazines, focusing on strengthening its editorial offering through the launch of new collectible and optional products. In June, La Voz del Interior relaunched its printed version with an innovative format, which is more reader-friendly. In addition, at the end of 2015, the Company launched *Muy.com.ar*. Its contents and editorial approach are targeted at popular audiences. In this segment, since the connection with the readers is better in digital format than in printed format, the Company decided to discontinue the printed format and devote its efforts to targeting an audience that will increasingly turn to digital mobile devices, which will be faster and more affordable.

In the Broadcasting and Programming Segment, El Trece maintained the highest audience share. This leading position is mostly attributable to the good performance of its programming grid both during the Prime Time, and at other times. During prime time, the most outstanding features were the return of *Showmatch*, as well as fiction shows such as "Los ricos no piden permiso" and "Silencios de Familia" and the newscast *Telenoche*. *Noticiero Trece*, *El Diario de Mariana*, *Este es el Show* and *Esposa Joven* delivered good results in the afternoon. The show "Periodismo para Todos", the lunches and dinners hosted by Mirtha Legrand, the general interest show "MDQ Para todo el mundo" and the return to El Trece of the Argentine soccer first division tournament matches contributed to a good performance during weekends.

In the Cable Television, Internet Access and Telephony Services segment, the Company focused on subscriber loyalty initiatives, as well as on boosting penetration of its premium services, such as, *Cablevisión HD*, *Pay Per View (PPV)*, *Video On Demand (VoD)* and *Digital Video Recording (DVR)* and expanding its broadband Internet access subscriber base. Progress was also made in the optimization of the reach of digital and premium services to cities and towns in the provinces.

In addition, in the Cable Television, Internet Access and Telephony Services segment, on September 10, 2015, the Board of Directors of *Cablevisión* approved the assignment of the rights and obligations held by Grupo Clarín under an offer it had submitted to *NII Mercosur Telecom, S.L.U.* and *NII Mercosur Móviles, S.L.U.* (hereinafter, the "Sellers") for the acquisition of 49% of the capital stock of *NEXTEL COMMUNICATIONS ARGENTINA S.R.L.* and an option to acquire, together with the subsidiary of *Cablevisión*, *Televisión Dirigida S.A.*, subject to certain conditions -among them, the regulatory approvals-, 51% of the remaining capital stock. The price of the transaction was USD 165 million (out of this amount, USD 80 million accounts for 49% and USD 85 million accounts for 51%) plus the right to collect an additional amount of up to USD 13 million subject to the fulfillment of certain conditions. The offer submitted by Grupo Clarín was subject to the acceptance of the Sellers. On September 11, 2015, the Sellers accepted the offer submitted by Grupo Clarín and, on the same date, the Sellers accepted the assignment of the rights under such offer in favor of *Cablevisión*, offering

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Cablevisión the acquisition of 49% of the capital stock of NEXTEL and the option to acquire the remaining 51%. In order to guarantee the rights and obligations under the offer, the capital stock owned by NII Mercosur Móviles, S.L.U was pledged (subject to registration with the Public Registry of Commerce). The transaction was completed on September 14, 2015 upon payment by Cablevisión and its subsidiary of an aggregate USD 159 million. The companies undertook to create a guarantee fund with the USD 6 million balance, to cover any potential liabilities of NEXTEL (this fund was set up on October 7, 2015). In addition, upon the fulfillment of certain conditions precedent, on October 1, 2015, Cablevisión paid to the Sellers the additional amount of USD 12.73 million. On June 3, 2016, the assignment of 49% of the capital stock of NEXTEL in favor of Cablevisión was registered with the IGJ. Under the terms of the offer, NEXTEL will continue to be controlled and operated by the Sellers until the option to acquire the remaining 51% of the capital stock has been exercised. On January 27, 2016, Cablevisión and its subsidiary Televisión Dirigida S.A. decided to exercise the option to acquire the remaining 51% of the capital stock and votes of NEXTEL, and, consequently, Cablevisión became the holder of 51.4% of the capital stock and votes of NEXTEL and Televisión Dirigida S.A. became the holder of the remaining 48.6%. To such effect, on the same date, NEXTEL's management took notice of the release of the pledge that had been set up to guarantee the rights and obligations under the offer. On July 26, 2016, the IGJ registered the assignment of the remaining 51% of the capital stock. Through ENACOM Resolution No. 280/2016, served on Cablevisión on March 8, 2016, the Enforcement Authority authorized the changes in the equity interests of NEXTEL in favor of Cablevisión S.A. Therefore, these Financial Statements include the operations of NEXTEL.

On June 30, 2016, the controlled company Televisión Dirigida S.A. performed the transfer of: (i) 392,774,929 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 48.5% of the capital stock and votes of NEXTEL, in favor of Cablevisión; and (ii) 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL, in favor of PEM S.A. As a consequence of the above-mentioned assignments of membership interests, Cablevisión holds a 99.9% interest in the capital stock and votes of NEXTEL, and the remaining 0.1% is held by PEM S.A. These assignments have not yet been registered with the IGJ.

In June 2016, Cablevisión, together with its subsidiary NEXTEL, acquired 100% (97% NEXTEL and 3% Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A. both owners of 100% of the capital stock of Trixco S.A., holder of licenses for the use of the radioelectric spectrum in the 900 Mhz bands. NEXTEL acquired 100% of the capital stock of WX Telecommunications LLC and Greenmax Telecommunications LLC, which are the controlling companies of Skyonline Argentina S.A., Netizen S.A., Infotel S.A. and Callbi S.A., among the most relevant. The latter render wireless telecommunications services and hold licenses for the use of the radioelectric spectrum in the 2.5 Ghz bands. The aggregate price for those transactions was USD 138.2 million, equivalent to Ps. 2,036 million.

In addition, in June 2016, Cablevisión issued Notes (the "Notes") subject to the public offering regime authorized by the CNV for USD 500 million, due 2021 at a fixed interest rate of 6.5%. The Notes aroused so much interest among investors that they were oversubscribed more than 6 times. Eighty per cent of the proceeds was used to refinance liabilities (lowering the average interest rate) and the remaining 20% is being used by the company for strategic investments, both in network quality and reach.

In November 2016, Cablevisión launched a new online content service, Flow. The distribution of contents is based on IP infrastructure and QAM Digital TV with the possibility of using new functionalities such as linear streaming, Start Over, Reverse EPG, Cloud DVR and access to VOD contents, among others. These functionalities are supported from a new user interface supplemented with advanced search and recommendation systems available in any type of device.

On September 28, the shareholders of Grupo Clarín decided to implement the merger - spin-off process proposed by the Board of Directors during the month of August, mentioned in Note 25 to the consolidated

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financial statements. First, certain subsidiaries of Grupo Clarín will be merged into the Company, and the Company will subsequently spin off a portion of its equity to create a new company under the name Cablevisión Holding S.A. (CVH). Grupo Clarín will retain and continue with all the activities, operations, assets and liabilities that are not specifically allocated to CVH. The effective date of the Spin-off will be the first day of the month following the date on which the latest of the following registrations is completed: (i) the registration of the Corporate Reorganization with the IGJ, or (ii) the registration of the incorporation of CVH with the IGJ.

Grupo Clarín will continue to be subject to the public offering regime in Argentina and CVH will request authorization to be admitted to the above-mentioned public offering regime in Argentina. The new company may also apply to have its shares listed on and admitted to trading on one or more local or foreign stock exchanges and/or markets.

2. CONSOLIDATED FINANCIAL STRUCTURE

Note: the amounts are rounded and stated in thousands of Argentine Pesos. The figures under total amounts may not represent the exact arithmetic sum of the other figures in the table. Pursuant to CNV regulations, the following table shows the balances and results for the period, on a comparative basis with the prior periods, prepared under IFRS.

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Non-current assets	2,459,028	16,246,453	10,801,158	9,512,026	8,303,639
Current assets	5,726,538	8,454,551	6,366,440	4,872,758	3,699,980
Assets held for sale	<u>28,082,221</u>	<u>-</u>	<u>163,897</u>	<u>-</u>	<u>-</u>
Total Assets	<u>36,267,788</u>	<u>24,701,004</u>	<u>17,331,495</u>	<u>14,384,783</u>	<u>12,003,619</u>
Equity of the Parent Company	9,626,387	7,232,951	5,483,022	4,729,908	4,090,030
Equity of Non-Controlling Interests	<u>4,416,373</u>	<u>3,175,289</u>	<u>2,282,464</u>	<u>1,748,886</u>	<u>1,374,569</u>
Total Equity	<u>14,042,761</u>	<u>10,408,240</u>	<u>7,765,487</u>	<u>6,478,794</u>	<u>5,464,599</u>
Non-current liabilities	845,833	4,718,094	3,520,126	3,451,464	3,378,694
Current liabilities	4,117,531	9,574,671	6,045,882	4,454,526	3,160,327
Liabilities Held for Distribution to Shareholders	<u>17,261,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>22,225,027</u>	<u>14,292,764</u>	<u>9,566,008</u>	<u>7,905,989</u>	<u>6,539,020</u>
Total Equity and Liabilities	<u>36,267,788</u>	<u>24,701,004</u>	<u>17,331,495</u>	<u>14,384,783</u>	<u>12,003,619</u>

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3. CONSOLIDATED COMPREHENSIVE INCOME STRUCTURE

Note: the amounts are rounded and stated in thousands of Argentine Pesos. The figures under total amounts may not represent the exact arithmetic sum of the other figures in the table. Pursuant to CNV regulations, the following table shows the balances and results for the period, on a comparative basis with the prior periods, prepared under IFRS.

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Operating income/loss from continuing operations ⁽¹⁾	782,222	933,900	3,594,695	2,149,638	1,900,321
Financial Results	(398,176)	(130,968)	(1,730,425)	(1,473,831)	(916,154)
Equity in Earnings from Affiliates and Subsidiaries	48,725	61,299	71,895	99,483	13,683
Other Income and Expenses, net	55,466	98,222	(638)	69,534	639
Income/loss from continuing operations before income tax and tax on assets	488,238	962,453	1,935,527	844,825	998,490
Income tax and tax on assets	(264,158)	(354,575)	(590,065)	(97,924)	(524,876)
Income for the year from continuing operations	224,080	607,878	1,345,462	746,900	473,614
Net Income from Discontinued Operations	3,955,531	2,308,032	-	53,765	498,717
Net Income for the Year	4,179,611	2,915,910	1,345,462	800,666	972,331
Other Comprehensive Income for the Year	416,131	165,912	359,868	312,065	180,169
Total Comprehensive Income for the Year	<u>4,595,742</u>	<u>3,081,822</u>	<u>1,705,330</u>	<u>1,112,731</u>	<u>1,152,500</u>

⁽¹⁾ Defined as net sales less cost of sales and expenses.

4. Cash Flow Structure

Note: the amounts are rounded and stated in thousands of Argentine Pesos. The figures under total amounts may not represent the exact arithmetic sum of the other figures in the table. Pursuant to CNV regulations, the following table shows the balances and results for the period, on a comparative basis with the prior periods, prepared under IFRS.

	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Cash provided by (used in) Operating Activities	9,503,181	6,605,500	4,455,564	2,608,347	2,291,944
Cash provided by (used in) Investment Activities	(11,418,638)	(5,607,261)	(2,900,589)	(2,038,304)	(819,887)
Cash provided by (used in) Financing Activities	(488,258)	(885,467)	(1,624,895)	(412,863)	(1,110,017)
Total Cash provided (used) for the Year	<u>(2,403,715)</u>	<u>112,772</u>	<u>(69,921)</u>	<u>157,180</u>	<u>362,040</u>
Financial Results Generated By Cash And Cash Equivalents	995,616	847,812	164,436	188,547	77,116
Total Changes in Cash	<u>(1,408,099)</u>	<u>960,585</u>	<u>94,515</u>	<u>345,727</u>	<u>439,156</u>

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5. STATISTICAL DATA

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Cable TV subscribers ^{(1) (5)}	3,527,674	3,532,577	3,491,068	3,492,480	3,404,698
Cable TV homes passed ^{(2) (5)}	7,832,915	7,795,404	7,514,104	7,509,525	7,455,898
Cable TV churn ratio	13.8	12.6	13.6	12.7	12.8
Internet access subscribers ⁽¹⁾	2,182,598	2,025,860	1,837,672	1,711,587	1,504,380
Newspaper circulation ⁽³⁾	237,116	261,699	276,466	296,704	311,699
Canal 13 audience share					
Prime Time ⁽⁴⁾	34.8	37.3	33.3	35.4	35.9
Total Time ⁽⁴⁾	32.0	30.4	26.7	28.0	29.4

⁽¹⁾ Includes companies controlled, directly and indirectly, by Cablevisión (Argentina, Uruguay and Paraguay).

⁽²⁾ Contemplates the elimination of the overlapping of networks between Cablevisión and subsidiaries (including Multicanal and Teledigital).

⁽³⁾ Average quantity of newspapers per day (Diario Clarín and Olé), pursuant to the *Instituto Verificador de Circulaciones* (this figure represents sales in Argentina and abroad).

⁽⁴⁾ Share of prime time audience of broadcast television stations in the Metropolitan Area of Buenos Aires, as reported by IBOPE. Prime time is defined as 8:00 PM to 12:00 AM, Monday through Friday. Total time is defined as 12:00 PM to 12:00 AM, Monday through Sunday.

⁽⁵⁾ As of December 31, 2016, 2015, 2014 and 2013 it does not include the data corresponding to Cablevisión's subsidiaries in Paraguay.

6. RATIOS

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Liquidity (current assets / current liabilities)	1.39	0.88	1.05	1.09	1.17
Solvency (equity / total liabilities)	0.63	0.73	0.81	0.82	0.84
Capital assets (non-current assets / total assets)	0.07	0.66	0.62	0.66	0.69
Return on equity (net income for the year / average shareholders' equity)	0.34	0.32	0.19	0.13	0.19

7. OUTLOOK

The Company remains committed to informing with independence, to reaching all sectors of society and to supporting the quality and credibility values of its media.

Grupo Clarín's corporate strategy is aimed at maintaining and consolidating its presence in the production of contents, strengthening its presence in the traditional media, with a growing focus on digital media. The Company seeks to leverage its positioning and access to opportunities for growth in the Argentine and regional industry to strengthen and develop its current businesses.

The Company will keep focusing on the core processes that allow for a sustainable and efficient growth from different perspectives: financial structure, management control, business strategy, human resources, innovation and corporate social responsibility.

See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

GRUPO CLARÍN S.A.

RATIFICATION OF PRINTED SIGNATURES

We hereby ratify our signatures appearing in printed form on the preceding sheets, the Annual Report and from page 1 to 116 in Grupo Clarín S.A.'s consolidated financial statements for the period ended December 31, 2016.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

CARLOS ALBERTO PEDRO DI CANDIA
Supervisory Committee

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17
Dr. Carlos A. Pace
Certified Public Accountant (U.B.A.)
C.P.C.E.C.A.B.A. Vol. 150 Fol. 106

ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

Free translation from the original prepared in Spanish

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, President and Directors of
Grupo Clarín S.A.
Legal domicile: Piedras 1743
Autonomous City of Buenos Aires
CUIT No 30-70700173-5

Report on the Financial Statements

We have audited the attached consolidated financial statements of Grupo Clarín S.A. and its controlled subsidiaries (the "Company") which comprise the consolidated balance sheet at December 31, 2016, the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The balances and other information corresponding to the fiscal year 2015 are an integral part of the audited financial statements mentioned above, therefore, they must be considered in connection with these financial statements.

Board of Directors' responsibility

The Board of Directors of the Company is responsible for the reasonable preparation and presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) into its regulations, as adopted by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare consolidated financial statements free from material misstatements due to errors or irregularities.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs), as adopted in Argentina by the FACPCE through Technical Resolutions No. 32 and its respective Adoption Communications. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company's preparation and reasonable presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements mentioned in the first paragraph of this report present fairly, in all material respects, the consolidated financial position of Grupo Clarín S.A. and its subsidiaries as of December 31, 2016, its consolidated comprehensive income and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter paragraph

Without qualifying our opinion, we would like to emphasize the information contained in Note 8.1.a., to the consolidated financial statements, which describes the situation related to the resolution issued by the regulator to calculate the monthly fee payable by the users of cable television services, whose decisions cannot be foreseen to date.

Report on compliance with current regulations

In accordance with current regulations in respect to Grupo Clarín S.A., we report that:

- a) the consolidated financial statements of Grupo Clarín S.A. have been transcribed to the "Inventory and Balance Sheet" book and comply with the General Associations Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters within our competence;
- b) the parent company only financial statements of Grupo Clarín S.A. arise from accounting records kept in all formal respects in conformity with legal regulations which maintain the security and integrity conditions on the basis of which they were authorized by the Argentine Securities Commission;
- c) we have read the supplementary financial information, on which, as regards those matters that are within our competence, we have no observations to make;
- d) at December 31, 2016 the debt accrued by Grupo Clarín S.A. in favor of the Argentine Integrated Social Security System according to the Company's accounting records and calculation amounted to \$3,999,588.68, none of which was claimable at that date;

- e) in accordance with the requirements of Article 21°, Subsection b), Chapter III, Section VI, Title II of the regulations of the Argentine Securities Commission, we report that the total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2016 represent:
- e.1) 73% on the total fees for services invoiced to the Company for all concepts in that fiscal year;
 - e.2) 8% on the total fees for audit and related services invoiced to the Company, its parent companies, subsidiaries and affiliates in that fiscal year;
 - e.3) 6% on the total fees for services invoiced to the Company, its parent companies, subsidiaries and affiliates for all concepts in that fiscal year.
- f) we have applied the procedures on prevention of asset laundering and terrorism funding set forth in the relevant professional rules issued by the Professional Council for Economic Sciences of the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires, March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Carlos A. Pace



GRUPO CLARÍN S.A.

Parent Company Only Financial Statements
for the year ended December 31, 2016,
presented on a comparative basis

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

GRUPO CLARÍN S.A.
PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 In Argentine Pesos (Ps.)

	Notes	December 31, 2016	December 31, 2015
Equity in Earnings from Affiliates and Subsidiaries	4.3	2,061,762,606	1,858,636,177
Management fees		181,950,000	162,560,000
Administrative Expenses ⁽¹⁾	5.1	(283,211,965)	(198,684,409)
Other Income and Expenses, net		8,231,363	(24,054,643)
Financial Costs	5.2	(95,141,953)	(87,424,976)
Other Financial Results, net	5.3	4,741,348	44,656,460
Financial Results		<u>(90,400,605)</u>	<u>(42,768,516)</u>
Income before Income Tax and Tax on Assets		1,878,331,399	1,755,688,609
Income Tax and Tax on Assets	6	(4,715,402)	(2,070,642)
Net Income from Continuing Operations		1,873,615,997	1,753,617,967
Net Income from Discontinued Operations	4.12	656,425,835	131,311,402
Net Income for the Year		<u>2,530,041,832</u>	<u>1,884,929,369</u>
 Other Comprehensive Income			
Items which may be reclassified to net income			
Variation in Translation Differences of Foreign Operations from Continuing Operations		135,731,445	108,676,630
Variation in Translation Differences of Foreign Operations from Discontinued Operations		<u>82,894,462</u>	<u>9,766,381</u>
Other Comprehensive Income for the Year		<u>218,625,907</u>	<u>118,443,011</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,748,667,739</u>	<u>2,003,372,380</u>

⁽¹⁾ Includes depreciation of property, plant and equipment and amortization of intangible assets in the amount of Ps. 1,410,809 and Ps. 821,139 for the years ended December 31, 2016 and 2015, respectively.

The notes are an integral part of these parent company only financial statements.

Signed for identification purposes
with the report dated March 10, 2017

See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17
Dr. Carlos A. Pace
Certified Public Accountant (U.B.A.)
C.P.C.E.C.A.B.A. Vol. 150 Fol. 106

ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

GRUPO CLARÍN S.A.
PARENT COMPANY ONLY BALANCE SHEET
AS OF DECEMBER 31, 2016 AND 2015
 In Argentine Pesos (Ps.)

	Notes	December 31, 2016	December 31, 2015
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	4.1	6,364,387	1,258,776
Intangible Assets	4.2	41,564	107,333
Deferred Tax Assets	6	21,723,720	31,599,563
Investment in Unconsolidated Affiliates	4.3	3,311,592,293	7,613,659,094
Other Receivables	4.4	30,000	30,000
Total Non-Current Assets		3,339,751,964	7,646,654,766
CURRENT ASSETS			
Other Receivables	4.4	157,656,503	154,514,369
Other Investments	4.5	84,222,441	19,848,419
Cash and Banks	4.6	34,438,063	12,193,114
Total Current Assets		276,317,007	186,555,902
Assets Held for Distribution to Shareholders	4.12	6,816,875,217	-
Total Assets		10,432,944,188	7,833,210,668
EQUITY (as per the corresponding statement)			
Shareholders' Contributions		2,010,638,503	2,010,638,503
Other Items		755,638,189	592,243,638
Accumulated Income		6,860,110,364	4,630,068,532
Total Equity		9,626,387,056	7,232,950,673
LIABILITIES			
NON-CURRENT LIABILITIES			
Other Liabilities	4.3	-	228,553,387
Debt	4.7	367,813,013	-
Total Non-Current Liabilities		367,813,013	228,553,387
CURRENT LIABILITIES			
Debt	4.7	3,475,247	287,999,976
Taxes Payable	4.8	9,056,387	11,239,631
Other Liabilities		818,127	25,837,958
Trade Payables and Other	4.9	74,257,310	46,629,043
Total Current Liabilities		87,607,071	371,706,608
Liabilities Held for Distribution to Shareholders	4.12	351,137,048	-
Total Liabilities		806,557,132	600,259,995
Total Equity and Liabilities		10,432,944,188	7,833,210,668

The notes are an integral part of these parent company only financial statements.

Signed for identification purposes
with the report dated March 10, 2017

See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

(Partner)
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Vice Chairman
and acting Chairman

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

GRUPO CLARÍN S.A.
PARENT COMPANY ONLY STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 In Argentine Pesos (Ps.)

	Shareholders' Contributions			Subtotal	Other Items		Legal Reserve	Accumulated Income		Total Equity
	Capital Stock	Adjustment On Capital Stock	Paid-in Capital		Translation of Foreign Operations	Other Reserves		Optional reserves (1)	Retained Earnings	
Balances as of January 1 st 2015	287,418,584	309,885,253	1,413,334,666	2,010,638,503	477,454,394	(209,686)	119,460,767	2,071,576,709	804,101,687	5,483,022,374
Set-up of reserves (Note 7.a)	-	-	-	-	-	-	-	554,101,687	(554,101,687)	-
Dividend Distribution (Note 7.a)	-	-	-	-	-	-	-	-	(250,000,000)	(250,000,000)
Changes in Reserves for Acquisition of Investments	-	-	-	-	-	(3,444,081)	-	-	-	(3,444,081)
Net Income for the Year	-	-	-	-	-	-	-	-	1,884,929,369	1,884,929,369
Other Comprehensive Income:										
Variation in Translation Differences of Foreign Operations	-	-	-	-	118,443,011	-	-	-	-	118,443,011
Balances as of December 31, 2015	287,418,584	309,885,253	1,413,334,666	2,010,638,503	595,897,405	(3,653,767)	119,460,767	2,625,678,396	1,884,929,369	7,232,950,673
Set-up of reserves (Note 7.a)	-	-	-	-	-	-	-	1,584,929,369	(1,584,929,369)	-
Dividend Distribution (Note 7.a)	-	-	-	-	-	-	-	-	(300,000,000)	(300,000,000)
Changes in Reserves for Acquisition of Investments	-	-	-	-	-	(55,231,356)	-	-	-	(55,231,356)
Net Income for the Year	-	-	-	-	-	-	-	-	2,530,041,832	2,530,041,832
Other Comprehensive Income:										
Variation in Translation Differences of Foreign Operations	-	-	-	-	218,625,907	-	-	-	-	218,625,907
Balances as of December 31, 2016	287,418,584	309,885,253	1,413,334,666	2,010,638,503	814,523,312	(58,885,123)	119,460,767	4,210,607,765	2,530,041,832	9,626,387,056

(1) Broken down as follows: (i) Optional reserve for future dividends of Ps. 1,884,929,369; (ii) Judicial reserve for future dividend distribution of Ps. 387,028,756, (iii) Optional reserve for illiquidity of results of Ps. 694,371,899, and (iv) Optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law of Ps. 1,244,277,741.

The notes are an integral part of these parent company only financial statements.

Signed for identification purposes
with the report dated March 10, 2017

See our report dated
March 10, 2017
PRICE WATERHOUSE & CO. S.R.L.

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

(Partner)
C.P.C.E.C.A.B.A. Vol. 1 Fol. 17
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ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

GRUPO CLARÍN S.A.
PARENT ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 In Argentine Pesos (Ps.)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
CASH PROVIDED BY OPERATING ACTIVITIES		
Net Income for the Year	2,530,041,832	1,884,929,369
Income Tax and Tax on Assets	4,715,402	2,070,642
Accrued Interest, net	16,593,740	1,687,928
Adjustments to reconcile net income for the year to cash used in operating activities:		
Depreciation of Property, Plant and Equipment and Amortization of Intangible Assets	1,410,809	821,139
Financial Income, except interest	68,755,865	36,783,713
Equity in Earnings from Affiliates and Subsidiaries	(2,061,762,606)	(1,858,636,177)
Net Income from Discontinued Operations	(656,425,835)	(131,311,402)
Other Income and Expenses	115,853	-
Changes in Assets and Liabilities:		
Other Receivables	(60,609,143)	(46,675,753)
Trade Payables and Other	24,868,118	12,421,986
Taxes Payable	(6,198,800)	11,536,970
Other Liabilities	(24,712,147)	736,562
Income Tax and Tax on Assets Payments	(1,608,744)	(2,414,702)
Net Cash Flows used in Operating Activities	<u>(164,815,656)</u>	<u>(88,049,725)</u>
CASH PROVIDED BY INVESTMENT ACTIVITIES		
Dividends collected	500,373,342	343,407,498
Capital contributions in subsidiaries	(775,789,200)	(288,595,850)
Payment for Acquisition of Investments	(10,000)	-
Acquisition of Property, Plant and Equipment, net	(6,450,651)	(567,690)
Loans and interest collected	1,201,377	24,290,152
Loans granted	-	(22,300,000)
Transactions with Securities, Bonds and Other Financial Instruments, Net	107,499	32,201,214
Collection of Certificates of Deposit	-	31,610,543
Net Cash Flows (used in) / provided by Investing Activities	<u>(280,567,633)</u>	<u>120,045,867</u>
CASH PROVIDED BY FINANCING ACTIVITIES		
Loans Obtained	741,375,247	208,075,000
Payment of Debts	-	(7,500,000)
Payment of Interest	(600,626)	(231,387)
Payment of Dividends	(300,000,000)	(250,000,000)
Net Cash Flows provided by /(used in) Financing Activities	<u>440,774,621</u>	<u>(49,656,387)</u>
FINANCING RESULTS GENERATED BY CASH AND CASH EQUIVALENTS	<u>9,398,525</u>	<u>14,725,546</u>
Net Increase / (Decrease) in cash flow	4,789,857	(2,934,699)
Cash from Mergers	81,829,114	-
Cash and Cash Equivalents at the Beginning of the Year (Note 2.15)	<u>32,041,533</u>	<u>34,976,232</u>
Cash and Cash Equivalents at the Closing of the Year (Note 2.15)	<u>118,660,504</u>	<u>32,041,533</u>

The notes are an integral part of these parent company only financial statements.

Signed for identification purposes
with the report dated March 10, 2017

See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

(Partner)
C.P.C.E.C.A.B.A. Vol. 1 Fol. 17
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and acting Chairman

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

INDEX OF THE NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

1. GENERAL INFORMATION
2. BASIS FOR THE PREPARATION AND PRESENTATION OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS.
3. ACCOUNTING ESTIMATES AND JUDGMENTS
4. BREAKDOWN OF THE MAIN ITEMS OF THE PARENT COMPANY ONLY BALANCE SHEET
5. BREAKDOWN OF THE MAIN ITEMS OF THE PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME
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7. RESERVES, ACCUMULATED INCOME AND DIVIDENDS
8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES
9. TERMS AND INTEREST RATES OF INVESTMENTS, RECEIVABLES AND LIABILITIES
10. PROVISIONS AND OTHER CONTINGENCIES
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15. COVENANTS, SURETIES AND GUARANTEES PROVIDED
16. CHANGES IN THE COMPANY'S INTERESTS
17. LAW No. 26,831 CAPITAL MARKETS
18. INFORMATION REQUIRED UNDER CNV RESOLUTION No. 629 – RECORD KEEPING
19. EXTINCTION OF THE NOTES ISSUED BY AGEA
20. THE COMPANY'S CORPORATE REORGANIZATION PROCESS
21. SUBSEQUENT EVENTS
22. APPROVAL OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

Signed for identification purposes
with the report dated March 10, 2017

See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

(Partner)
C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

GRUPO CLARÍN S.A.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016,
PRESENTED ON A COMPARATIVE BASIS
In Argentine Pesos (Ps.)

NOTE 1 – GENERAL INFORMATION

Grupo Clarín is a holding company that operates in the Media industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

The operations of its subsidiaries include cable television and Internet access services, newspaper and other printing, publishing and advertising activities, broadcast television, radio operations and television content production, on-line and new media services, and other media related activities. A substantial portion of its revenues is generated in Argentina.

Note 20 to these Parent Company Only Financial Statements describes the current merger-spin-off process of the Company and certain subsidiaries.

NOTE 2 - BASIS FOR THE PREPARATION AND PRESENTATION OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS.

2.1 Basis for the preparation

Pursuant to General Resolution No. 562 issued on December 29, 2009, entitled “Adoption of International Financial Reporting Standards” and General Resolution No. 576/10, the CNV provided for the application of Technical Resolutions (“TR”) No. 26 and 29 issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE, for its Spanish acronym). Since the Company is subject to the public offering regime governed by Law No. 26,831, it is required to apply such standards as from the year beginning January 1st, 2012. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

Technical Resolution No. 43 “Amendment of Technical Resolution No. 26”, effective for fiscal years beginning on or after January 1, 2016, sets out that parent company only financial statements shall be prepared fully in accordance with IFRS without applying any changes, i.e. complying with the full contents of those standards as issued by the IASB and with the mandatory or guiding provisions established by IASB in each document. That Resolution provides that for its disclosure in parent company only financial statements of entities that are required to present consolidated financial statements, the investments in subsidiaries, joint ventures and associates shall be valued under the equity method as set out by IFRS.

In preparing these parent company only financial statements for the year ended December 31, 2016, presented on a comparative basis, the Company has followed the guidelines provided by TR 43, and, therefore, these financial statements have been prepared in accordance with IFRS. Certain additional matters were included as required by the Argentine Business Associations Law and/or CNV regulations, including the supplementary information provided under the last paragraph of Section 1, Chapter III, Title IV of General Resolution No. 622/13. That information is included in the Notes to these parent company only financial statements, as provided under IFRS and CNV rules.

The interim condensed parent company only financial statements have been prepared based on historical cost, except for the measurement at fair value of certain non-current assets and financial instruments. In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

Signed for identification purposes
with the report dated March 10, 2017

See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

CARLOS ALBERTO PEDRO DI CANDIA
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IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29") requires that the financial statements of an entity that reports in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet closing date of the reporting period and details a series of factors that may indicate that an economy is hyperinflationary. Based on the guidelines of IAS 29, there is not enough evidence to conclude that Argentina was a hyperinflationary economy in 2016 and, therefore, the Company did not apply the restatement criteria to the financial information for the years reported as established under IAS 29.

Certain figures reported in the financial statements presented on a comparative basis were reclassified in order to maintain the consistency in the disclosure of the figures corresponding to this year.

The attached information, approved by the Board of Directors at the meeting held on March 10, 2017, is presented in Argentine Pesos (Ps.), the Argentine legal tender, and arises from accounting records kept by Grupo Clarín S.A.

2.2 Standards and Interpretations issued but not adopted to date

The Company has not adopted IFRS or revisions of IFRS issued as per the detail below, since their application is not required for the year ended December 31, 2016:

- IFRS 9 Financial Instruments: issued in November 2009 and amended in October 2010 and July 2014. IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities and for their derecognition. This standard is applicable to years beginning on or after January 1st, 2018.

- IFRS 15 "Revenue from contracts with customers": issued in May 2014 and applicable to fiscal years beginning on or after January 1, 2018. This standard specifies how and when revenue will be recognized, as well as the additional information to be disclosed by the Company in the financial statements. It provides a single, principles based five-step model to be applied to all contracts with customers.

- IFRS 16 "Leases": issued in January 2016 and applicable to fiscal years beginning on or after January 1, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases.

As of the date of these financial statements, the Company cannot estimate its quantitative impact because it is analyzing the corresponding accounting effects.

2.3. Standards and Interpretations issued and adopted to date

As of the date of these consolidated financial statements, no new regulations have been issued that may be applicable to the Company for this year.

2.4 Equity Interests

The Company records the interest in its subsidiaries and associates using the equity method, as established by TR 26.

A subsidiary is an entity over which the Company exercises control. Control is presumed to exist when the Company has a right to variable returns from its interest in a subsidiary and has the ability to affect those returns through its power over the subsidiary. This power is presumed to exist when evidenced by the votes, be it that the Company has the majority of voting rights or potential rights currently exercised.

An associate is an entity over which the Company has significant influence, without exerting control, generally accompanied by equity holdings of between 20% and 50% of voting rights.

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(Partner)
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The subsidiaries' and associates' net income and the assets and liabilities are disclosed in the financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, the investment in a subsidiary or associate is to be initially recorded at cost and the book value will be increased or decreased to recognize the investor's share in the comprehensive income for the year or in other comprehensive income obtained by the subsidiary or associate, after the acquisition date. The distributions received from the subsidiary or associate will reduce the book value of the investment.

The losses incurred by an associate in excess of the Company's interest in such company are recognized to the extent the Company has undertaken any legal or implicit obligation or has made payments on behalf of the associate.

Any excess of the acquisition cost over the Company's share in the net fair value of the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Goodwill is included in the book value of the investment and tested for impairment as part of the investment. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in net income.

Unrealized gains or losses on transactions between the Company and its subsidiaries and the associates are eliminated considering the Company's interest in those companies.

Adjustments were made, where necessary, to the subsidiaries' and associates' financial statements so that their accounting policies are in line with those used by the Company.

2.4.1 Changes in the Company's Interests in Existing Subsidiaries

The changes in the Company's interests in subsidiaries that do not generate a loss of control are recorded under equity. The book value of the Company's interests is adjusted to reflect the changes in the relative interest in the subsidiary. Any difference between the amount for which an additional investment is recorded and the fair value of the consideration paid or received is directly recognized in equity.

In case of loss of control and significant influence, any residual interest in the issuing company is measured at its fair value at such date, allocating the change in the recorded value with an impact on net income. The fair value is the initial amount recognized for such investments for the purposes of its subsequent valuation for the interest retained as associate, joint operation or financial instrument. Additionally any amount previously recognized in Other Comprehensive Income regarding such investments is recognized as if the Company had disposed of the related assets and liabilities. Consequently, the amounts previously recognized in Other Comprehensive Income may be reclassified to net income.

2.5 Business Combinations

The Company applies the acquisition method to account for business combinations. The consideration for each acquisition is measured at fair value (on the date of exchange) of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by the Company in exchange for the control of the company acquired. The costs related to the acquisition are expensed as incurred.

The consideration for the acquisition, if any, includes any asset or liability arising from a contingent consideration arrangement, measured at fair value at the acquisition date. Subsequent changes to such fair value, verified within the measurement period, are adjusted against the acquisition cost.

The measurement period is the actual period that begins on the acquisition date and ends as soon as the Company receives all the information it was seeking about facts and circumstances that existed as of the

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acquisition date. The measurement period cannot exceed one year from the acquisition date. All other changes in the fair value of the contingent consideration classified as assets or liabilities, outside the measurement period, are recognized in net income. Changes in the fair value of the contingent consideration classified as equity are not recognized.

In the case of business combinations achieved in stages, the Company's equity interest in the company acquired is remeasured at fair value at the acquisition date (i.e., the date on which the Company acquired control) and the resulting gain or loss, if any, is recognized as income/expense or in other comprehensive income, depending on the origin of the variation. In the periods preceding the reporting periods, the Company may have recognized in other comprehensive income the changes in the value of the interest in the capital stock of the acquired company. In that case, the amount recognized in other comprehensive income is recognized on the same basis that would have been required if the Company had directly disposed of the previously-held equity interest.

The identifiable assets, liabilities and contingent liabilities of the acquired company that meet the conditions for recognition under IFRS 3 (2008) are recognized at fair value at the acquisition date, except for certain particular cases provided by such standard.

Any excess of the acquisition cost (including the interest previously held, if any, and the non-controlling interest) over the Company's share in the net fair value of the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in net income.

The acquisition cost comprises the consideration transferred and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, if any.

2.6 Goodwill

Goodwill arises from the acquisition of subsidiaries and associates and refers to the excess of the sum of the consideration transferred, the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the interest acquired in the net amount of the fair value at the date of acquisition of the identifiable assets acquired and liabilities assumed.

If, upon measurement at fair value, the Company's share in the fair value of net identifiable assets of the acquired company exceeds the amount of the consideration transferred, the amount of any non-controlling interest in such company and the fair value of the acquirer's previous equity interest in the acquiree (if any), such excess is immediately recognized in the statement of comprehensive income as a gain arising from a very profitable acquisition.

Goodwill is not amortized, but tested for impairment on an annual basis. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to render benefits from the synergies of the respective business combination. Those cash-generating units to which goodwill is allocated are tested for impairment on an annual basis, or more frequently, when there is any indication of impairment. If the recoverable value of the cash-generating unit, i.e. the higher of the value in use or the fair value net of selling expenses, is lower than the value of the net assets allocated to that unit, including goodwill, the impairment loss is first allocated to reduce the goodwill allocated to the unit and then to the other assets of the unit, on a pro rata basis, based on the valuation of each asset in the unit. The impairment loss recognized against the valuation of goodwill is not reversed under any circumstance.

In case of a loss of control in the subsidiary, the amount attributable to goodwill is included in the calculation of the corresponding gain or loss.

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2.7 Revenue Recognition

Management fees are recognized when such services are rendered at the fair value of the consideration received or to be received.

2.8 Foreign Currency and Functional Currency

The financial statements of each of the Company's subsidiaries or associates are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the Company's Parent Company Only Financial Statements, the net income and the financial position of each entity are stated in Argentine Pesos (Argentina's legal tender for all companies domiciled in Argentina), which is the Company's functional currency.

In preparing the financial statements of the individual entities, the transactions in currencies other than the entity's functional currency (foreign currency) are recorded at the exchange rates prevailing on the dates on which transactions are carried out. At the end of each reporting year, the monetary items denominated in foreign currency are retranslated at the exchange rates prevailing on such date.

Exchange differences are charged to net income as incurred.

In preparing the Company's parent company only financial statements, in order to measure, under the equity method, the Company's interest in the entities which functional currencies is different from the Argentine Peso, the assets and liabilities of such companies are translated to Argentine pesos at the exchange rate prevailing at the end of the year, while the net income is translated at the exchange rate prevailing on the transaction date. Translation differences are recognized in other comprehensive income as "Variation in Translation Differences of Foreign Operations".

2.9 Taxes

The income tax charge reflects the sum of current income tax and deferred income tax.

2.9.1 Current and Deferred Income Tax for the year

Current and deferred taxes are recognized as expense or income for the year, except when they are related to entries debited or credited to other comprehensive income or directly to equity, in which cases taxes are also recognized in other comprehensive income or directly in equity, respectively. In the case of a business combination, the tax effect is taken into consideration in the calculation of goodwill or in the determination of the excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

2.9.2 Current Income Tax

Current tax payable is based on the taxable income recorded during the year. Taxable income and net income reported in the parent company only statement of comprehensive income differ due to revenue or expense items that are taxable or deductible in other fiscal years and items that are never taxable or deductible. The current tax liability is calculated using the tax rate in effect as of the date of these parent company only financial statements.

2.9.3 Deferred Income Tax

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Deferred tax is recognized on temporary differences between the book value of the assets and liabilities included in these financial statements and the corresponding tax basis used to determine taxable income. Deferred tax liabilities are generally recognized for all temporary fiscal differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is likely that future taxable income will be available against which those deductible temporary differences can be charged. These assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

The book value of a deferred tax asset is reviewed at each reporting year and reduced to the extent that it is no longer likely that sufficient taxable income will be available in the future to allow for the recovery of all or part of the asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applicable in the year in which the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting year, to recover or settle the book value of its assets and liabilities.

Deferred tax assets are offset against deferred tax liabilities if effective regulations allow to offset, before the tax authorities, the amounts recognized in those items; and if the deferred tax assets and liabilities arise from income taxes levied by the same tax authority and the Company intends to settle its assets and liabilities on a net basis.

Under the IFRS, deferred income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.9.4 Tax on Assets

In Argentina, the tax on assets (*impuesto a la ganancia mínima presunta*) is supplementary to income tax. The Company assesses this tax at the effective rate of 1% on the taxable assets at year-end. The Company's tax liability for each year will be equal to the higher of the tax on assets assessment or the income tax liability assessed at the legally effective rate on the estimated taxable income for the year. However, if the tax on assets exceeds the income tax liability in any given fiscal year, the excess may be creditable against any excess of income tax liability over the tax on assets in any of the following ten fiscal years.

The tax on assets balance has been capitalized in the parent company only financial statements, net of a valuation allowance, based on the Company's current business plans.

2.10 Property, Plant and Equipment and Intangible Assets

Property, plant and equipment held for use in the supply of services, or for administrative purposes, are recorded at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation of property, plant and equipment is recognized on a straight-line basis over its estimated useful life.

The estimated useful life, residual value and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

Repair and maintenance expenses are expensed as incurred.

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The gain or loss arising from the retirement or disposal of an item of property, plant and equipment is calculated as the difference between income from the sale of the asset and the asset's book value, and recognized under "Other Income and Expenses, net" in the parent company only statement of comprehensive income.

The residual value of an asset is written down to its recoverable value, if the asset's residual value exceeds its estimated recoverable value (see Note 2.11).

Intangible assets comprise software and are valued at cost, net of the corresponding accumulated amortization and impairment losses. Amortization is calculated on a straight line basis over the estimated useful life of the intangible assets. The Company reviews the useful lives applied, the residual value and the amortization method at each year-end, and accounts the effect of any changes in estimates on a prospective basis.

2.11 Impairment of Non-Financial Assets, Except Goodwill

At the end of each financial statement, the Company reviews the book value of its non-financial assets with definite useful life to determine the existence of any evidence indicating that these assets could be impaired. If there is any indication of impairment, the recoverable value of these assets is estimated for the purposes of determining the amount of the impairment loss (in case the recoverable value is lower than the book value). Where it is not possible to estimate the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit ("CGU") to which such asset belongs. Where a consistent and reasonable allocation base can be identified, corporate assets are also allocated to an individual cash-generating unit or, otherwise, to the smallest group of cash-generating units for which a consistent allocation base can be identified.

The recoverable value of an asset is the higher of the fair value less selling expenses or its value in use. In measuring value in use, estimated future cash flows are discounted at their present value using a pre-tax discount rate, which reflects the current market assessments of the time value of money and, if any, the risks specific to the asset for which estimated future cash flows have not been adjusted.

Assets with an indefinite useful life (for example, non-financial assets unavailable for use) are not amortized, but are tested for impairment on an annual basis.

During this year, no impairment losses have been recorded for these assets.

2.12 Financial Instruments**2.12.1 Financial Assets**

Purchases and sales of financial assets are recognized at the transaction date when the Company undertakes to purchase or sell the asset, and is initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value with changes in the statement of income, which are initially measured at fair value.

2.12.1.1 Classification of Financial Assets

Financial assets are classified within the following specific categories: "financial assets at fair value with changes in net income", "held-to-maturity investments" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined on initial recognition.

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2.12.1.2 Recognition and Measurement of Financial Assets

2.10.1.2.1 Financial Assets at Fair Value with Changes in Net Income

Financial assets at fair value with changes in net income are recorded at fair value, recognizing any gain or loss arising from the measurement in the parent company only statement of comprehensive income. The net gain or loss recognized in net income includes any gain or loss generated by the financial asset and is included under the item financial income and cost in the parent company only statement of comprehensive income.

The assets designated in this category are classified as current assets if they are expected to be traded within 12 months; otherwise, they are classified as non-current assets.

The fair value of these assets is calculated based on the current quoted market price of these securities.

2.21.1.2.2 Held-to-maturity Investments

Held-to-maturity investments are measured at amortized cost using the effective interest rate method less any impairment, if any.

The effective interest rate method calculates the amortized cost of a financial asset or liability and the allocation of financial income or cost over the whole corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net book value of the financial asset or liability on its initial recognition.

Balances in foreign currency were translated at the exchange rate prevailing at the closing of year for the settlement of these transactions. Foreign exchange differences were charged to net income for each year.

2.21.1.2.3 Loans and Receivables

Loans and trade receivables with fixed or determinable payments not traded in an active market are classified as "trade receivables and other". Trade receivables and other are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method, less any impairment, if any. Interest income is recognized using the effective interest rate method, except for short-term balances for which the recognition of interest is not significant.

Loans and receivables are classified as current assets, except for the maturities exceeding 12 months from the closing date.

Loans in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year-end. Foreign exchange differences were charged to net income for each year.

2.12.1.3 Impairment of Financial Assets

The Company tests financial assets or a group of assets for impairment at each closing date to assess if there is any objective evidence of impairment. The value of a financial asset or a group of assets is impaired, and an impairment loss is recognized, where there is objective evidence of the impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event or events have an impact on the estimated future cash flows of the financial asset or a group of assets, which may be reliably measured.

The objective evidence of impairment may include, among others, significant financial difficulties of the issuer or obligor; or breach of contractual terms, such as default or delinquency in interest or principal payments.

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The Company tests for impairment financial assets disclosed under Other Receivables on a case by case basis.

Where there is objective evidence of an impairment loss in the value of loans granted, receivables or held-to-maturity investments recorded at amortized cost, the loss amount is measured as the difference between the book value and the present value of estimated future cash flows (without including future non-incurred losses), discounted at the original effective interest rate of the financial asset. The asset's book value is written down under a contra asset account. The loss amount is recognized in net income for the year.

If, in subsequent periods, the impairment loss amount decreases and such decrease can be objectively related to an event occurring after the impairment has been recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed. A loss reversal can only be recorded to the extent the financial asset's book value does not exceed the amortized cost that would have been determined if the impairment loss had not been recorded at the reversal date. The reversal amount is recognized in net income for the year.

2.12.1.4 Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows of such assets expire or when it transfers the financial asset and, therefore, all the risks and benefits inherent to the ownership of the financial asset are transferred to another entity. If the Company retains substantially all the risks and benefits inherent to the ownership of the transferred asset, it will continue to recognize it and will recognize a liability for the amounts received.

2.12.2 Financial Liabilities

Financial liabilities are valued at amortized cost using the effective interest rate method.

2.12.2.1 Debts

Debt is initially valued at fair value net of the transaction costs incurred, and subsequently valued at amortized cost using the effective interest rate method. Any difference between the initial value net of the transaction costs and the settlement value is recognized in the income statement over the term of the loan using the effective interest rate method. Interest expense has been charged to the parent company only statement of comprehensive income under "Financial Costs".

2.12.2.2 Trade Payables and Other

Trade payables with fixed or determinable payments not traded in an active market are classified as "Trade Payables and Other". Trade Payables and Other are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Interest expense is recognized using the effective interest rate method, except for short-term balances for which the recognition of interest is not significant.

Trade Payables and Other are classified as current, except for the maturities exceeding 12 months from the closing date.

Trade payables in foreign currency have been valued as mentioned above, at the exchange rates prevailing as of each year end. Foreign exchange differences were charged to net income for each year.

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2.12.2.3 Derecognition of Financial Liabilities

An entity shall derecognize a financial liability (or part of it) when, and only when, it has been extinguished, i.e., when the obligation specified in the corresponding agreement is discharged, cancelled or expires.

2.13 Other Liabilities

The other liabilities have been valued at nominal value.

2.14 Assets and Liabilities Held for Distribution to Shareholders

Non-current assets and liabilities (or disposal groups) are classified as assets and liabilities held for distribution to shareholders when an entity undertakes to distribute them to its shareholders, to the extent such distribution is highly likely to occur and they are available for immediate distribution in their then current conditions.

2.15 Parent Company Only Statement of Cash Flows

For the purposes of preparing the parent company only statement of cash flows, the item "Cash and Cash Equivalents" includes cash and bank balances, high liquidity short-term investments (with original maturities shorter than 90 days), and bank overdrafts payable on demand, if any, are deducted to the extent they are part of the Company's cash management.

Bank overdrafts are classified as "Debt" in the parent company only balance sheet.

Cash and cash equivalents at each year-end, as disclosed in the parent company only statement of cash flows, may be reconciled against the items related to the parent company only balance sheet as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Cash and Banks	34,438,063	12,193,114
Short-Term Investments	84,222,441	19,848,419
Cash and Cash Equivalents	<u>118,660,504</u>	<u>32,041,533</u>

In the years ended December 31, 2016 and 2015, the following significant transactions were carried out, which did not have an impact on cash and cash equivalents:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Capital contributions in subsidiaries through debt settlement	55,176,000	8,000,000

2.16 Distribution of Dividends

The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements for the year in which the distribution of dividends is approved by the Shareholders.

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NOTE 3 - ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the accounting policies described in Note 2, the Company has to make judgments and prepare accounting estimates of the value of the assets and liabilities that may not be otherwise obtained. The estimates and related assumptions are based on historical experience and other pertinent factors. Actual results may differ from these estimates.

The underlying estimates and assumptions are continually reviewed. The effects of the reviews of accounting estimates are recognized for the year in which estimates are reviewed.

These estimates basically refer to:

Impairment of Goodwill

The Company assesses goodwill for impairment on an annual basis. In determining if there is impairment of goodwill, the Company calculates the value in use of the cash generating units to which it has been allocated. The calculation of the value in use requires the determination by the entity of the future cash flows that should arise from the cash generating units and an appropriate discount rate to calculate the present value.

During this year, no impairment losses have been recorded for goodwill.

Recognition and Measurement of Deferred Tax Items

As disclosed in Note 2.9, deferred tax assets are only recognized for temporary differences to the extent that it is likely that the entity will have enough future taxable income against which the deferred tax assets can be used. Tax loss carryforwards from prior years are only recognized when it is likely that the entity will have enough future taxable income against which they can be used.

The Company examines the recoverable value of deferred tax assets based on its business plans and books a valuation allowance, if appropriate, so that the net position of the deferred tax asset will reflect the probable recoverable value.

Determination of the Useful Lives of Property, Plant and Equipment

The Company reviews the reasonableness of the estimated useful life of property, plant and equipment at each year-end.

Measurement of the fair value of certain financial instruments

The fair value of a financial instrument is the amount at which the instrument could be purchased or sold between knowledgeable, willing parties in an arm's length transaction. If there is a quoted market price available for an instrument in an active market, the fair value is calculated based on that price.

If there is no quoted market price available for a financial instrument, its fair value is estimated based on the price established in recent transactions involving the same or similar instruments and, otherwise, based on valuation techniques regularly used in financial markets. The Company uses its judgment to select a variety of methods and makes assumptions based on market conditions at closing.

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NOTE 4 - BREAKDOWN OF THE MAIN ITEMS OF THE PARENT COMPANY ONLY BALANCE SHEET**4.1 Property, Plant and Equipment**

Main Account	Historical value			
	Balance at the Beginning	Additions	Retirements	Balances as of December 31, 2016
Furniture and Fixtures	574,796	134,667	-	709,463
Audio and Video Equipment	153,062	60,146	-	213,208
Telecommunication Equipment	284,337	19,190	-	303,527
Computer Equipment	6,770,773	4,414,452	-	11,185,225
Improvements in Third-Party Property	-	1,822,196	-	1,822,196
Total as of December	7,782,968	6,450,651	-	14,233,619

Main Account	Depreciation					Net Book Value as of December 31, 2016
	Useful Life (in years)	Balance at the Beginning	Retirements	For the year	Balances as of December 31, 2016	
Furniture and Fixtures	10	315,762	-	53,806	369,568	339,895
Audio and Video Equipment	5	120,247	-	15,796	136,043	77,165
Telecommunication Equipment	5	167,935	-	39,359	207,294	96,233
Computer Equipment	3	5,920,248	-	1,236,079	7,156,327	4,028,898
Improvements in Third-Party Property	10	-	-	-	-	1,822,196
Total as of December		6,524,192	-	1,345,040	7,869,232	6,364,387

Main Account	Historical value			
	Balance at the Beginning	Additions	Retirements	Balances as of December 31, 2015
Furniture and Fixtures	443,518	131,279	-	574,797
Audio and Video Equipment	122,179	30,883	-	153,062
Telecommunication Equipment	218,091	66,245	-	284,336
Computer Equipment	6,431,490	339,283	-	6,770,773
Total as of December	7,215,278	567,690	-	7,782,968

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

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GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

Main Account	Depreciation				Balances as of December 31, 2015	Net Book Value as of December 31, 2015
	Useful Life (in years)	Balance at the Beginning	Retirements	For the year		
Furniture and Fixtures	10	270,308	-	45,454	315,762	259,035
Audio and Video	5	114,692	-	5,555	120,247	32,815
Telecommunication Equipment	5	137,894	-	30,041	167,935	116,401
Computer Equipment	3	5,270,428	-	649,820	5,920,248	850,525
Total as of December		5,793,322	-	730,870	6,524,192	1,258,776

4.2 Intangible Assets

Main Account	Historical value			
	Balance at the Beginning	Additions	Retirements	Balances as of December 31, 2016
Software	406,468	-	-	406,468
Total as of December	406,468	-	-	406,468

Main Account	Amortization				Balances as of December 31, 2016	Net Book Value as of December 31, 2016
	Amortization Period (in years)	Balance at the Beginning	Retirements	For the year		
Software	3	299,135	-	65,769	364,904	41,564
Total as of December		299,135	-	65,769	364,904	41,564

Main Account	Historical value			
	Balance at the Beginning	Additions	Retirements	Balances as of December 31, 2015
Software	406,468	-	-	406,468
Total as of December	406,468	-	-	406,468

Main Account	Amortization				Balances as of December 31, 2015	Net Book Value as of December 31, 2015
	Amortization Period (in years)	Balance at the Beginning	Retirements	For the year		
Software	3	208,866	-	90,269	299,135	107,333
Total as of December		208,866	-	90,269	299,135	107,333

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GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

4.3. Investment in Unconsolidated Affiliates

						Information about the issuer - Latest financial statements					
	Class	Nominal Value	Number	Value recorded as of December 31, 2016 (1)	Value recorded as of December 31, 2015 (1)	Main business activity	Date	Capital Stock	Net Income	Equity	Interest (%)
Non-Current Investments											
SHOSA ⁽⁶⁾	-	-	-	-	2,096,242,048						
Goodwill					495,735,087						
Vistone ⁽⁶⁾	-	-	-	-	1,812,180,848						
VLG ⁽⁵⁾	-	-	-	-	389,870,737	Investing and financing	12.31.2016	4,312,088,966	2,047,880,779	5,829,944,341	50.00%
Goodwill					100,503,301						
CVB ⁽⁶⁾	-	-	-	-	417,745,017						
CLC ⁽⁶⁾	-	-	-	-	104,185,145						
Cablevisión ⁽⁵⁾	Common	Ps. 10,000	41,207	-	-	Cable Television - Community Antenna - Telecommunications Services - Investment in Unconsolidated Affiliates	12.31.2016	1,200,000,000	4,045,337,263	11,281,523,267	34.34%
Pem S.A.	Common	Ps. 1	1	2	2	Investing	12.31.2016	13,558,511	21,613,349	55,498,206	0.00%
AGEA	Common	Ps. 1	1,397,974,126	1,401,922,086	981,593,719	Publishing and Printing	12.31.2016	1,441,374,151	(291,468,599)	1,445,311,611	96.99%
AGR	Common	Ps. 1	68,630,128	33,892,206	12,267,500	Printing	12.31.2016	308,959,139	(157,656,326)	158,058,949	22.21%
CIMECO	Common	Ps. 1	37,412,958	51,926,349	47,749,185	Investing and financing	12.31.2016	180,479,453	39,759,610	389,063,771	20.70% (4)
Goodwill				58,837,707	58,837,707						
CMI	Common	Ps. 1	98	370,572	314,895	Advertising	12.31.2016	12,000	6,817,481	45,376,064	0.80%
ARTEAR.	Common	Ps. 1	57,747,859	1,146,222,082	671,142,681	Broadcasting Services	12.31.2016	59,611,118	564,328,308	1,282,124,913	96.87% (2)
IESA	Common	Ps. 1	36,792,441	178,887,402	178,927,125	Investing and financing	12.31.2016	38,325,795	67,198,241	187,467,744	96.00%
Radio Mitre	Common	Ps. 1	63,555,121	153,489,032	87,636,324	Broadcasting Services	12.31.2016	65,413,136	68,522,103	161,093,515	97.15%
GC Services	-	-	-	36,131,665	29,610,115	Investing and financing	12.31.2016	19,075,942	6,521,550	36,131,665	100%
GCGC	Common	Ps. 1	29,382,546	24,102,843	30,848,312	Services	12.31.2016	30,291,285	(6,413,148)	24,848,290	97.00%
CMD	Common	Ps. 1	236,475,711	124,820,353	63,576,405	Investing and services	12.31.2016	236,475,711	(78,183,460)	170,059,302	100%
GC Minor	Common	Ps. 1	44,878,808	59,675,143	34,692,941	Investing and financing	12.31.2016	47,237,879	(2,753,577)	63,305,689	95.00%
GCSA Investments	-	-	-	41,314,851	-	Investing and financing	12.31.2016	10,692,306	268,551,560	31,198,693	100%
Total				3,311,592,293	7,613,659,094						
Other Non-Current Liabilities											
GCSA Equity ⁽⁵⁾	-	-	-	-	-	Investing and financing	12.31.2016	1,504	(351,138,552)	(351,137,048)	100%
GCSA Investments	-	-	-	-	228,553,387						
Total				-	228,553,387						

(1) In certain cases, the equity value does not correspond to the related shareholders' equity due to: (i) the adjustment of the equity value to the Company's accounting policies, as required by professional accounting standards, (ii) the elimination of goodwill generated by transactions between companies under the Company's common control, (iii) the existence of irrevocable contributions, and (iv) adjustments to fair market value of net assets for acquisitions made by the Company.

(2) Interest in votes amounts to 98.6%.

(3) Companies through which an interest is held in Cablevisión S.A.

(4) Interest in votes amounts to 23.2%.

(5) See Notes 4.12 and 20.

(6) Companies merged into Grupo Clarín as of October 1, 2016. See Note 20.

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March 9, 2016
PRICE WATERHOUSE & CO. S.R.L.

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Chairman of the Supervisory Committee

(Partner)
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Equity in Earnings from Affiliates and Subsidiaries

	December 31, 2016	December 31, 2015
SHOSA ⁽¹⁾	910,610,950	711,870,001
Vistone ⁽¹⁾	636,879,569	501,336,206
CVB ⁽¹⁾	154,141,907	121,612,468
CLC ⁽¹⁾	35,824,420	28,894,577
AGEA	(272,523,761)	(22,528,937)
CIMECO	7,549,067	8,680,083
GCSA Investments	(50,781,904)	(108,649,310)
ARTEAR.	551,172,125	500,638,600
IESA	65,229,860	73,204,432
Radio Mitre	65,852,708	20,685,835
GCGC	(6,583,239)	9,254,050
CMD	(26,108,364)	(3,562,368)
GC Services	6,521,550	10,261,919
Other	(16,022,282)	6,938,621
	<u>2,061,762,606</u>	<u>1,858,636,177</u>

⁽¹⁾ Equity in Earnings from these subsidiaries include the effect of the direct and indirect interests held by those subsidiaries in Cablevisión until September 30, 2016, as mentioned in Note 20.

4.4 Other Receivables

	December 31, 2016	December 31, 2015
Non-Current		
Guarantee Deposits	30,000	30,000
Tax on assets	33,853,449	33,849,411
Valuation Allowance for Tax on Assets	(33,853,449)	(33,849,411)
	<u>30,000</u>	<u>30,000</u>
Current		
Related Parties (Note 8)	148,303,413	150,911,085
Tax Credits	2,554,573	2,430,910
Advances	3,887,337	758,609
Dividend Receivable (Note 8)	2,160,068	11,311
Judicial Liens	482,017	272,600
Other	269,095	129,854
	<u>157,656,503</u>	<u>154,514,369</u>

On October 1, 2015, the Company executed a loan agreement for consideration with a related company for USD 2 million, at an annual rate of 9.375%, due in April 2016. On December 3, 2015, the related company prepaid in full principal and interest on the loan agreement for consideration.

4.5 Other Investments

	December 31, 2016	December 31, 2015
Money Market	24,883,519	19,848,419
Mutual Funds	59,338,922	-
	<u>84,222,441</u>	<u>19,848,419</u>

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4.6 Cash and Banks

	December 31, 2016	December 31, 2015
Cash and Imprest Funds	523,900	420,050
Cash at Banks	3,914,163	11,773,064
Securities to be deposited	30,000,000	-
	<u>34,438,063</u>	<u>12,193,114</u>

4.7 Debt

	December 31, 2016	December 31, 2015
Non-Current		
Related Parties (Note 8)	367,813,013	-
	<u>367,813,013</u>	<u>-</u>
	December 31, 2016	December 31, 2015
Current		
Bank Overdraft	3,475,247	-
Related Parties (Note 8)	-	287,999,976
	<u>3,475,247</u>	<u>287,999,976</u>

The following table details the changes in loans and indebtedness for the years ended December 31, 2016 and 2015:

	2016	2015
Balances as of January 1st	287,999,976	231,387
New Loans and Indebtedness	741,375,247	208,075,000
Accrued Interest	19,226,470	6,077,468
Exchange Differences	75,915,483	81,347,508
Taxes	3,821,124	-
Settlement of principal and interest ⁽¹⁾	<u>(757,050,040)</u>	<u>(7,731,387)</u>
Balances as of December 31	<u>371,288,260</u>	<u>287,999,976</u>

⁽³⁾ Includes Ps. 756,708,595 that was cancelled as a result of the reorganization process mentioned in Note 20.

As of December 31, 2016, the Company holds a loan with a related company for USD 23 million, due in June 2021. That loan accrues interest at an annual rate of 6.5%, which may be capitalized on a semi-annual basis in June and December of each year. The first capitalization will be in June 2017.

4.8 Taxes Payable

	December 31, 2016	December 31, 2015
Current		
Taxes Payable on a National Level	8,248,597	10,619,121
Taxes Payable on a Provincial Level	807,790	620,510
	<u>9,056,387</u>	<u>11,239,631</u>

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4.9 Trade Payables and Other

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Current		
Suppliers and Trade Provisions	16,686,264	13,470,749
Related Parties (Note 8)	3,863,800	2,178,648
Employer's Contributions	<u>53,707,246</u>	<u>30,979,646</u>
	<u>74,257,310</u>	<u>46,629,043</u>

4.10 Assets and Liabilities in Foreign Currency

Items	December 31, 2016			December 31, 2015		
	Type and Amount of Foreign Currency	Prevailing Exchange Rate	Amount in Local Currency	Type and Amount of Foreign Currency	Amount in Local Currency	
ASSETS						
CURRENT ASSETS						
Other Receivables	USD 1,090	15.79	17,211	USD 1,090		14,105
Other Investments	USD 1,575,904	15.79	24,883,519	USD 1,533,881		19,848,419
Cash and Banks	USD 79,049	15.79	1,248,190	USD 101,142		1,308,774
Total Current Assets			<u>26,148,920</u>			<u>21,171,298</u>
Total Assets			<u>26,148,920</u>			<u>21,171,298</u>
LIABILITIES						
NON-CURRENT LIABILITIES						
Debt	USD 23,147,452	15.89	367,813,013			-
Total Non-Current Liabilities			<u>367,813,013</u>			<u>-</u>
CURRENT LIABILITIES						
Debt	-		-	USD 22,065,151		287,729,565
Total Current Liabilities			<u>-</u>			<u>287,729,565</u>
Total Liabilities			<u>367,813,013</u>			<u>287,729,565</u>

USD - US Dollars

4.11 Changes in Allowances

Items	Balance at the Beginning	Increases	Balances from Mergers	Decreases	Balances as of December 31, 2016	Balances as of December 31, 2015
Deducted from Assets						
Valuation Allowance for Net Deferred Tax Assets	26,761,408	62,783,384 (1)	-	-	89,544,792	26,761,408
Valuation Allowance for Tax on Assets	33,849,411	5,869,160 (1)	32,838	(5,897,960)	33,853,449	33,849,411
Allowance for Goodwill Impairment	28,432,495	-	-	(28,432,495) (2)	-	28,432,495
Total	<u>89,043,314</u>	<u>68,652,544</u>	<u>32,838</u>	<u>(34,330,455)</u>	<u>123,398,241</u>	<u>89,043,314</u>

(1) Charged to Income Tax and Tax on Assets

(2) Reclassification as Assets Held for Distribution to Shareholders.

4.12 Assets and liabilities held for distribution to shareholders and Discontinued operations

As described in Note 20 to the parent company only financial statements as of December 31, 2016, the Company's interest in Cablevisión, VLG and in GCSA Equity and certain assets and liabilities of the Company

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have been classified as of that date as “Assets held for distribution to shareholders” and as “Liabilities held for distribution to shareholders”, respectively, as required under IFRS.

The following is a detail of those assets and liabilities disclosed under “Assets held for distribution to shareholders” and “Liabilities held for distribution to shareholders” as of December 31, 2016 (in millions of Argentine Pesos):

	December 31, 2016
ASSETS	
NON-CURRENT ASSETS	
Deferred Tax Assets	11
Investments in Unconsolidated Affiliates ⁽¹⁾	<u>6,806</u>
Total Non-Current Assets	<u>6,817</u>
Total Assets Held for Distribution to Shareholders	<u>6,817</u>
LIABILITIES	
NON-CURRENT LIABILITIES	
Other Liabilities ⁽²⁾	351
Total Non-Current Liabilities	<u>351</u>
Total Liabilities Held for Distribution to Shareholders	<u>351</u>

⁽¹⁾ Corresponds to the interest in VLG and Cablevisión.

⁽²⁾ Corresponds to the interest in GCSA Equity.

In connection with the same situations mentioned above, the following is a detail of the results for the years ended December 31, 2016 and 2015, classified as discontinued operations corresponding to Equity in earnings from Cablevisión, VLG and GCSA Equity (in millions of Argentine Pesos):

	December 31, 2016	December 31, 2015
Cablevisión	289	-
VLG	398	131
GCSA Equity	<u>(31)</u>	<u>-</u>
Net Income from Discontinued Operations	<u>656</u>	<u>131</u>

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NOTE 5 - BREAKDOWN OF THE MAIN ITEMS OF THE PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME**5.1 Information Required under Section 64, Subsection b) of Law No. 19,550**

Item	Administrative Expenses	
	December 31, 2016	December 31, 2015
Salaries, Social Security and Benefits to Personnel ⁽¹⁾	163,789,784	109,277,845
Supervisory Committee's fees	1,649,999	1,494,000
Fees for services ⁽²⁾	69,875,256	56,752,174
Taxes, Duties and Contributions	9,517,973	8,522,305
Other personnel expenses	5,256,285	2,578,722
General expenses	367,069	194,621
IT expenses	1,613,278	1,674,750
Maintenance Expenses	4,736,803	3,217,545
Communication expenses	1,401,266	1,104,173
Advertising expenses	1,917,553	1,436,447
Travel Expenses	7,822,326	4,648,095
Stationery and Office Supplies	658,369	235,523
Depreciation of Property, Plant and Equipment	1,345,040	730,870
Amortization of Intangible Assets	65,769	90,269
Other expenses	13,195,195	6,727,070
Total	283,211,965	198,684,409

⁽¹⁾ Includes fees for technical and administrative services to Directors in the amount of Ps. 28,896,154 as of December 31, 2016. Additionally, they include the effect of the long-term savings plan for employees mentioned in Note 13.

⁽²⁾ Includes Directors' fees for the year 2016 in the amount Ps. 12,610,000.

5.2 Financial Costs

	December 31, 2016	December 31, 2015
Exchange Differences	(75,915,483)	(81,347,508)
Interest	(19,226,470)	(6,077,468)
	(95,141,953)	(87,424,976)

5.3 Other Financial Results, net

	December 31, 2016	December 31, 2015
Exchange Differences and Other Financial Results	7,052,119	12,362,580
Results from transactions with securities and bonds	107,499	32,201,215
Interest	2,632,730	4,389,540
Other Taxes and Expenses	(5,051,000)	(4,296,875)
	4,741,348	44,656,460

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NOTE 6 - INCOME TAX

The following table shows the breakdown of net deferred tax assets (amounts stated in thousands of Argentine Pesos):

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Assets		
Tax Loss Carryforwards	89,545	26,761
Other Investments	19,093	24,249
Employer's Contributions	2,631	7,342
Other	-	9
Subtotal	<u>111,269</u>	<u>58,361</u>
Valuation Allowance for Deferred Tax Assets	<u>(89,545)</u>	<u>(26,761)</u>
Net Deferred Tax Assets	<u>21,724</u> ⁽¹⁾	<u>31,600</u>

(1) As of December 31, 2016, the Company recorded Ps. 11,050,528 as Assets held for distribution to shareholders. See Note 4.12.

The following table shows the reconciliation between the income tax and tax on assets charged to net income for the years ended December 31, 2016 and 2015 and the income tax liability that would result from applying the current tax rate on income before income tax and tax on assets and the income tax liability assessed for each year (amounts stated in thousands of Argentine Pesos):

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Income Tax Assessed at the Current Tax Rate (35%) on Income before Income Tax	(657,416)	(614,491)
Permanent Differences:		
Gain/Loss on Investments in Subsidiaries	721,617	650,522
Non-Taxable Income	176	(8,647)
Other	(419)	121
Subtotal	<u>63,958</u>	<u>27,505</u>
Valuation Allowance for Net Deferred Tax Assets Charged to Income	<u>(62,783)</u>	<u>(26,434)</u>
Income Tax	<u>1,175</u>	<u>1,071</u>
Deferred Taxes for the Year	<u>1,154</u>	<u>1,071</u>
Income Tax	1,154	1,071
Tax on assets	<u>(5,869)</u>	<u>(3,142)</u>
Total	<u>(4,715)</u>	<u>(2,071)</u>

As of December 31, 2016, the Company's accumulated tax loss carryforwards amounted to approximately Ps. 255.8 million, which calculated at the current tax rate, represent deferred tax assets in the amount of approximately Ps. 89.5 million. The following table shows the expiration date of the accumulated tax loss carryforwards pursuant to statutes of limitations (amounts stated in thousands of Argentine Pesos):

<u>Expiration year</u>	<u>Amount of Tax Loss Carryforward</u>
2018	1,102
2020	75,225
2021	<u>179,515</u>
	<u>255,842</u>

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NOTE 7 - RESERVES, ACCUMULATED INCOME AND DIVIDENDS

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Balances at the beginning of the year:		
Legal Reserve	119,460,767	119,460,767
Retained Earnings	1,884,929,369	804,101,687
Other Reserves	(3,653,767)	(209,686)
Optional Reserves	<u>2,625,678,396</u>	<u>2,071,576,709</u>
Total	4,626,414,765	2,994,929,477
Net Income for the Year	2,530,041,832	1,884,929,369
Dividend Distribution	(300,000,000)	(250,000,000)
Changes in Reserves for Acquisition of Investments	<u>(55,231,356)</u>	<u>(3,444,081)</u>
Balance at the end of the year	<u><u>6,801,225,241</u></u>	<u><u>4,626,414,765</u></u>

a. Grupo Clarín

The Company's bylaws set forth that retained earnings shall be appropriated as follows: (i) 5% to the Company's legal reserve until such reserve equals 20% of the Company's capital stock; and (ii) the balance, in whole or in part, to the payment of the fees of the members of the Board of Directors and the Supervisory Committee, to dividends on common shares, or reserve accounts, or as otherwise determined by the Shareholders, among other situations.

On April 28, 2015, at the Annual Ordinary Shareholders' Meeting of the Company, the shareholders decided, among other things, to appropriate the net income for the fiscal year 2014, which amounted to Ps. 804,101,687, as follows: (i) Ps. 250,000,000 to the distribution of dividends payable in two installments of Ps. 125,000,000 each, the first one to be paid within 30 days as from the date of the shareholders' Meeting and the second one to be paid on December 31, 2015 or on an earlier date as determined by Cablevisión's Board of Directors and (ii) Ps. 554,101,687 to an optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law.

On April 25, 2016, at the Annual Ordinary Shareholders' Meeting of the Company, the shareholders decided, among other things, to appropriate the net income for the fiscal year 2015, which amounted to Ps. 1,884,929,369, as follows: (i) Ps. 300,000,000 to the distribution of dividends payable within 30 days as from the date of the Shareholders' Meeting and (ii) Ps. 1,584,929,369 to the reserve for future dividends.

b. Cablevisión

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 750 million, payable in Argentine Pesos or US Dollars within a term of thirty days as from the date of such Shareholders' Meeting and delegated on the Board of Directors of Cablevisión the power to establish the time and payment method. Of that amount, approximately Ps. 300.1 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, Cablevisión paid Ps. 749.7 million of distributed dividends.

Also, on June 30, 2016, at the General Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 749 million, payable within thirty days as from the date on which the Shareholders' Meeting was held. Of that amount, approximately Ps. 299.6 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, all the dividends had been paid.

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Chairman of the Supervisory Committee

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At the General Extraordinary Shareholders' Meeting held on January 12, 2016, the shareholders of Cablevisión decided, among other things, i) to cancel 207,157 Class B common book-entry treasury shares with a nominal value of Ps. 1 representing 0.1% of the capital stock and votes of that Company; and, consequently, to reduce the capital stock by Ps. 207,157, (ii) to ratify the amendment of Section 4 of the Bylaws approved by the shareholders at the Extraordinary Shareholders' Meeting held on June 30, 2014, which, among other things, had amended the nominal value of shares from Ps. 1 to Ps. 10,000, and (iii) to delegate on the Board of Directors the power to determine and establish the time, form and conditions of the shares representing the new capital stock to be issued, as well as the payment of the fractions, if any.

In light of the above, on June 29, 2016, the Board of Directors of Cablevisión completed the implementation process to pay fractions in cash and change the nominal value (of the company's shares) and change the nominal value (of the company's shares) and, therefore, the capital stock of Cablevisión is now of Ps. 197,300,000, represented by 19,730 shares, of which i) 15,785 are Class A book entry shares, with nominal value of Ps. 10,000 each and entitled to 1 vote per share, and ii) 3,945 are Class B book entry shares, with nominal value of Ps. 10,000 each and entitled to 1 vote per share. At the same meeting of the Board of Directors new shares were issued.

Subsequently, at the General Extraordinary Shareholders' Meeting held on June 30, 2016, the shareholders decided to capitalize in full the following accounts: (i) Paid-in Capital, in the amount of Ps. 134,234,500, (ii) merger surplus, in the amount of Ps. 2,894,151 and (iii) the partial capitalization of the "Optional Reserve to Maintain the Company's Level of Capital Expenditures and its Current Solvency Level" in the amount of Ps. 865,571,349, thus increasing the capital stock from Ps. 197,300,000 to Ps. 1,200,000,000 through the issuance of 100,270 new common book-entry shares with nominal value of Ps. 10,000 and entitled to 1 vote per share, of which 80,221 will be Class A common book-entry shares and 20,049 will be Class B common book-entry shares.

c. Other companies

During this year, the shareholders of ARTEAR decided to distribute cash dividends for a total of Ps. 110 million. As of the date of these financial statements, the Company collected all the dividends to which it was entitled based on its equity interest.

During this year, the shareholders of IESA decided to distribute cash dividends for a total of Ps. 35.3 million. As of December 31, 2016, the Company collected Ps. 31.7 million and had a balance of Ps. 2.2 million for dividends receivable, to which it is entitled due to its equity interest.

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Chairman of the Supervisory Committee

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NOTE 8 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following table shows the breakdown of the Company's balances with its related parties:

Company	Item	December 31, 2016	December 31, 2015
<u>Subsidiaries</u>			
SHOSA	Other Receivables	-	2,432
	Debt	-	(170,189,828)
	Trade Payables and Other	-	(56,786)
VISTONE	Debt	-	(104,720,132)
CVB	Debt	-	(13,090,016)
CLC	Dividends Receivable	-	11,311
AGEA	Other Receivables	125,271,186	104,018,497
	Trade Payables and Other	(425,820)	(561,949)
ARTEAR.	Other Receivables	5,989,835	4,658,835
	Trade Payables and Other	(67,343)	(201,838)
IESA	Dividends Receivable	2,160,068	-
Radio Mitre	Other Receivables	1,876,323	669,635
GCGC	Other Receivables	115,835	10,741
	Trade Payables and Other	(36,830)	(25,924)
CMD	Other Receivables	2,449,031	2,952,480
	Trade Payables and Other	(124,926)	(114,674)
GC MINOR	Other Receivables	50,000	-
GC Services	Other Receivables	17,211	14,105
<u>Indirectly controlled</u>			
Cablevisión	Trade Payables and Other	(1,251,819)	(5,955)
	Other Receivables	7,502,032	-
	Debt	(367,813,013)	-
PRIMA	Trade Payables and Other	-	(176,542)
AGR	Other Receivables	-	36,300,000
	Trade Payables and Other	(16,575)	(2,673)
UNIR	Other Receivables	3,396,157	1,158
	Trade Payables and Other	(2,360)	(2,360)
Impripost	Other Receivables	1,635,675	2,283,074
Ferías y Exposiciones S.A.	Other Receivables	128	128
TRISA	Trade Payables and Other	(1,938,127)	(1,029,947)

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The following table details the transactions carried out by the Company with related parties for the years ended December 31, 2016 and 2015:

<u>Company</u>	<u>Item</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>Subsidiaries</u>			
AGEA	Management fees	18,000,000	18,000,000
	Advertising	(358,536)	(164,759)
ARTEAR.	Management fees	57,600,000	44,400,000
Vistone	Interest Expense	(5,122,351)	(400,132)
CMD	Services	-	(546,064)
	Interest Income	539,837	54,021
SHOSA	Interest Expense	(10,651,931)	(5,627,320)
Radio Mitre	Management fees	7,950,000	2,280,000
	Interest Income	-	1,887,014
CVB	Interest Expense	(768,181)	(50,016)
GCGC	Services	(15,757,593)	(12,026,182)
<u>Indirectly controlled</u>			
Cablevisión	Management fees	74,400,000	77,120,000
	Services	(610,335)	(141,584)
	Interest Expense	(2,342,563)	-
	Interest Income	-	311,170
PRIMA	Services	(758,031)	(613,002)
AGR	Management fees	15,600,000	19,200,000
	Services	(11,484)	(8,234)
Impripost	Management fees	-	1,560,000
UNIR	Services	-	(1,951)
	Management fees	8,400,000	-

The fees paid to the Board of Directors and the Upper Management of the Company for the years ended December 31, 2016 and 2015 amounted to approximately Ps. 100 million and Ps. 70 million, respectively.

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NOTE 9 - TERMS AND INTEREST RATES OF INVESTMENTS, RECEIVABLES AND LIABILITIES

	<u>December 31, 2016</u>
Other Investments	
Without any established term ⁽¹⁾	84,222,441
	<u>84,222,441</u>
Receivables	
Without any established term ⁽²⁾	150,102,249
Due	
Within three months ⁽⁴⁾	6,872,843
More than three months and up to six months	711,411
	<u>7,584,254</u>
	<u>157,686,503</u>
<u>Liabilities</u> (2)	
Without any established term	5,310,702
Due	
Within three months	73,846,523
More than three months and up to six months	4,974,599
	<u>78,221,122</u>
	<u>84,131,824</u>
<u>Debt</u>	
Due	
Within three months ⁽³⁾	3,475,247
More than four years and up to five years	367,813,013
	<u>371,288,260</u>

(1) Bearing interest at floating rate.

(2) Non-interest bearing.

(3) Bearing interest at fixed rate.

(4) Includes Ps. 2.4 million which bears interest at a fixed rate, the remaining balance does not bear any interest.

NOTE 10 - PROVISIONS AND OTHER CONTINGENCIES**10.1 Regulatory Framework**

- a. SCI Resolution No. 50/10 approved certain rules for the sale of pay television services. These rules provide that cable television operators must apply a formula to estimate their monthly subscription prices. The price arising from the application of the formula was to be informed to the Office of Business Loyalty (*Dirección de Lealtad Comercial*) between March 8 and March 22, 2010. Cable television operators must adjust such amount semi-annually and inform the result of such adjustment to said Office.

Even though as of the date of these financial statements the subsidiary Cablevisión cannot assure the actual impact of the application of this formula, given the vagueness of the variables provided by the Resolution to calculate the monthly subscription prices, Cablevisión believes that Resolution No. 50/10 is arbitrary and bluntly disregards its freedom to contract, which is part of the right to freedom of industry and trade. Therefore, it has filed the pertinent administrative claims and has brought the necessary legal actions requesting the suspension of the Resolution's effects and ultimately requesting its nullification.

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Even though Cablevisión, like other companies in the industry, has strong constitutional arguments to support its position, it cannot be assured that the final outcome of this issue will be favorable. Therefore, Cablevisión and/or some of its subsidiaries may be forced to modify the price of their pay television subscription, a situation that could significantly affect the revenues of their core business. This creates a general framework of uncertainty over the businesses of Cablevisión and/or some of its subsidiaries that could significantly affect the recoverability of their relevant assets and Grupo Clarín S.A.'s assets related to its investment in Cablevisión. Notwithstanding the foregoing, as of the date of these financial statements, in accordance with the decision rendered on August 1, 2011 in re "LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretariat of Domestic Trade", the Federal Court of Appeals of the City of Mar del Plata has ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the Argentine Cable Television Association ("ATVC", for its Spanish acronym). Upon being served on the SCI and the Ministry of Economy on September 12, 2011, such decision became fully effective and may not be disregarded by the SCI. The National Government filed an appeal against the decision rendered by the Federal Court of Appeals of Mar del Plata to have the case brought before the Supreme Court. Such appeal was dismissed and so the National Government filed a direct appeal with the Supreme Court, which was also dismissed.

On June 1, 2010, the SCI imposed a Ps. 5 million fine on Cablevisión alleging that it had failed to comply with the information regime set forth by Resolution No. 50/10, and invoking the Antitrust Law to impose such penalty. The fine was appealed and submitted to the National Court of Appeals on Federal Administrative Matters, Chamber No. 5, which decided to reduce the fine to Ps. 300,000. Cablevisión appealed this decision by filing an extraordinary appeal with the Supreme Court of Argentina.

On March 10, 2011 SCI Resolution No. 36/11 was published in the Official Gazette. This Resolution falls within the framework of SCI Resolution No. 50/10. Resolution No. 36/11 sets forth the parameters to be applied to the services rendered by Cablevisión to its subscribers from January through April 2011. These parameters are as follows: 1) the monthly basic subscription price shall be Ps. 109 for that period; 2) the price of other services rendered by Cablevisión should remain unchanged as of the date of publication of the resolution; and 3) the promotional benefits, existing rebates and/or discounts already granted as of that same date shall be maintained. The resolution also provides that Cablevisión shall reimburse users for any amount collected above the price set for that period.

Cablevisión believes that Resolution No. 36/10 is illegal and arbitrary, since it is grounded on Resolution No. 50/10, which is absolutely null and void. Since the application of Resolution No. 50/10 has been suspended, the application of Resolution No. 36/2011, which falls within the framework of the former, is also suspended.

The claim filed by Cablevisión seeking the nullification of Resolution No. 50/2010 is currently pending before the Federal Administrative Court of First Instance No. 7 of the City of Buenos Aires. This claim was dismissed in view of the claim pending in the City of Mar del Plata.

Subsequently, the SCI issued Resolutions Nos. 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 pursuant to which the SCI extended the effectiveness of Resolution No. 36/11 up to and including September 2014, and adjusted the cable television subscription price to Ps.152. Cablevisión believes, however, that given the terms under which the Federal Court of the City of Mar del Plata granted the preliminary injunction, that is, ordering the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by ATVC (among them, Cablevisión and its subsidiaries), and also given the fact that Resolutions No. 36/11, 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 merely apply Resolution No. 50/10, Cablevisión continues to be protected by said preliminary injunction, and, therefore, the ordinary course of its business will not be affected.

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On April 23, 2013, Cablevisión was served notice of a decision rendered in re “Ombudsman of Buenos Aires v. Cablevisión S.A. on Complaint for the protection of constitutional rights Law 16,986 (Motion for Preliminary Injunction)” pending before Federal Court No. 2, Civil Clerk’s Office No. 4 of the City of La Plata in connection with the price of cable television subscriptions, whereby the court imposed a cumulative daily fine of Ps. 100,000 per day on Cablevisión.

Cablevisión appealed the fine on the grounds that Resolution No. 50/10 issued by Mr. Moreno, as well as its extensions and/or amendments were suspended, as mentioned above, by an injunction with respect to Cablevisión and its branches and subsidiaries prior to the imposition of the fine; pursuant to the collective injunction issued by the Federal Court of the City of Mar del Plata on August 1, 2011 in re “La Capital Cable and Others v. National Government and Others on Preliminary Injunction”. That injunction suspended the application of all the criteria set by the Secretariat of Domestic Trade under Mr. Guillermo Moreno.

The Federal Court of Appeals of the City of La Plata reduced the fine to Ps. 10,000 per day. Cablevisión filed an appeal against that decision in due time and form. On October 16, 2013, the Court of Appeals dismissed the appeal filed by Cablevisión. As of the date of these financial statements, Cablevisión had settled the fine in the amount of Ps. 1,260,000 and compliance was recorded in the file.

On June 11, 2013, Cablevisión was served notice of a resolution rendered in the above-mentioned case; whereby the court ordered the appointment of an expert overseer (*perito interventor*) specialized in economic sciences to: (i) verify whether or not the invoices corresponding to the basic cable television subscription issued by Cablevisión to subscribers domiciled in the Province of Buenos Aires, are actually prepared at the headquarters located at Gral. Hornos 690, and/or at Cablevisión’s branch offices, precisely detailing that process, (ii) identify the individuals responsible for that area, (iii) determine whether or not the administrative actions tending towards the effective compliance with the injunction issued on that case are underway, and (iv) identify the senior staff of Cablevisión that must order the invoice issuance area to prepare the invoices as decided under that injunction.

Cablevisión timely appealed the appointment of said expert on the same grounds stated above. This appeal is also pending before the Federal Court of Appeals of the City of La Plata.

For the purposes of enforcing the injunction, the court issued letters rogatory to the competent judge of the City of Buenos Aires. Upon the initiation of that proceeding, both the National Court on Federal Administrative Matters and the National Court on Federal Civil and Commercial Matters declined jurisdiction to enforce the injunction ordered by the Federal Judge of La Plata. Cablevisión has appealed the decision in connection with the lack of jurisdiction in due time and form. Chamber No. 1 of the National Court of Appeals on Federal Civil and Commercial Matters confirmed the appealed decision. Accordingly, Cablevisión will file an extraordinary appeal in due time and form to have the case decided by the Supreme Court of Argentina.

It should be noted that, in light of the corporate reorganization of Cablevisión, both parties requested the suspension of the procedural periods for 180 days. The judge granted such request. Therefore, the procedural periods were suspended until December 11, 2014. Given the decision rendered by the Supreme Court of Argentina in re “Municipality of Berazategui v. Cablevisión” mentioned below, the procedural periods remain suspended until the Federal Court of Mar del Plata renders a decision thereon.

The file initiated by the Ombudsman before the Federal Court of La Plata, was sent to Mar del Plata, as established by the decision rendered in re Municipality of Berazategui v. Cablevisión referred to below, ordering that the preliminary injunction be revoked because it contradicts the injunction ordered in the proceeding initiated by ATVC.

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After the Federal Court of the City of Mar del Plata issued its injunction, several Municipal Offices of Consumer Information ("OMIC", for its Spanish acronym) and several individuals filed claims requesting that Cablevisión comply with Resolution No. 50/10 and the subsequent resolutions that extended its effectiveness. In some cases, preliminary injunctions were granted. In every case, Cablevisión appealed such preliminary injunctions alleging that Resolution No. 50/10, as amended, and/or the subsequent resolutions that extended its effectiveness, had been suspended with respect to Cablevisión, its branches and subsidiaries prior to the issuance of such preliminary injunctions.

On September 23, 2014, the Supreme Court of Argentina rendered a decision in re "Application for judicial review brought by the defendant in the case Municipality of Berazategui v. Cablevisión S.A. on claim for the protection of constitutional rights (*acción de amparo*)" and ordered that the cases related to these resolutions continue under the jurisdiction of the Federal Court of Mar del Plata that had issued the decision on the collective action in favor of ATVC.

Decisions made on the basis of these consolidated financial statements should consider the eventual impact that the above-mentioned resolutions might have on Cablevisión and its subsidiaries, and the Company's consolidated financial statements should be read in light of such uncertainty.

- b. Pursuant to the Antitrust Law and to Broadcasting Law No. 22,285, the transactions carried out on September 26, 2006 that resulted in an increase in the indirect interest the Company held in Cablevisión to 60%, Cablevisión's acquisition of 98.5% of Multicanal and 100% of Holding Teledigital, and Multicanal's acquisition of PRIMA (from PRIMA Internacional (now CMD)), required the authorization of the CNDC (validated by the SCI), and the COMFER. On October 4, 2006, the Company, Vistone, Fintech, VLG and Cablevisión, as purchasers, and AMI CV Holdings LLC, AMI Cable Holdings Ltd. and HMTF-LA Teledigital Cable Partners LP, as sellers, filed for the approval of the acquisition. After several requests for information, the SCI issued Resolution No. 257/07, with a prior opinion of the CNDC in favor of the approval of the above-mentioned transactions and after consulting the COMFER and the SECOM, which did not raise any objections. The Company was served notice in this respect on December 7, 2007. Such Resolution was appealed by five entities. As of the date of these financial statements, the CNDC has dismissed the five appeals filed against the above-mentioned resolution. Four of those entities filed direct appeals before the judicial branch, but they were all dismissed.

On June 11, 2008, Cablevisión was served with a decision of the National Court of Appeals on Federal Civil and Commercial Matters revoking a decision rendered by the CNDC on September 13, 2007, whereby such agency had dismissed a claim filed by Gigacable S.A. prior to the December 7, 2007 decision referred to above. The Court of Appeals revoked CNDC's decision only with respect to matters relating to the conduct of Cablevisión and Multicanal prior to CNDC's authorization of the transactions on December 7, 2007, and ordered an investigation to determine whether a fine should be imposed on Cablevisión and Multicanal due to such conduct. As of the date of these financial statements, Cablevisión has filed its response, which is pending analysis by such agency.

- c. On December 15, 2008, the shareholders of Cablevisión approved the merger of Multicanal, Delta Cable S.A., Holding Teledigital, Teledigital, Televisora La Plata Sociedad Anónima, Pampa TV S.A., Construed S.A. and Cablepost S.A. into Cablevisión, whereby, effective as of October 1, 2008, Cablevisión, as surviving company, became the universal successor to all of the assets, rights and obligations of the merged companies.

That process was granted administrative approval by the CNV and was registered with the Argentine Superintendency of Legal Entities (IGJ) under No. 9,448, Book 79 Volume – Stock Companies on June 7, 2016.

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On September 8, 2009, Multicanal was served with CNDC Resolution No. 106/09, dated September 4, 2009, whereby the CNDC ordered an audit to articulate and harmonize the several aspects of Resolution No. 577/09 issued by the COMFER, whereby it had rejected the merger of Cablevisión and Multicanal, with Resolution No. 257/07 issued by the Secretariat of Domestic Trade. Resolution No. 106/09 also sets forth that the notifying companies shall not, from the enactment thereof and until the end of the audit and / or resolution of the CNDC, be able to remove or replace physical or legal assets.

Notwithstanding the required filings made by Cablevisión and its shareholders on December 7, 2007 (date on which the SCI granted authorization) to prove that they were complying with the commitment agreed with the CNDC, on September 23, 2009, the SCI issued Resolution No. 641, whereby it ordered the CNDC to verify compliance with the parties' proposed commitment by visiting the parties' premises, requesting reports, reviewing documents and information and carrying out hearings, among other things.

On December 11, 2009, Cablevisión notified the CNDC of the completion and corresponding verification of the fulfillment of the voluntary undertakings made by Cablevisión at the time of the enactment of SCI Resolution No. 257/07. On December 15, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions" (case 10,506/09), partially acknowledging the preliminary injunction requested by Grupo Clarín, and instructing the CNDC and the SCI to notify Grupo Clarín whenever their own verification of Cablevisión's fulfillment of its undertakings had been concluded, regardless of the result. Should such agencies have any observations, they should notify Grupo Clarín within a term of 10 days. On the same date, the CNDC issued Resolution No. 1,011/09 whereby it deemed Cablevisión's voluntary undertakings unfulfilled and declared the rescission of the authorization granted under Resolution No. 257/07.

On December 17, 2009, the National Court of Appeals on Federal Commercial-Criminal Matters, Chamber A, decided to suspend the term to appeal Resolution No. 1,011/09 until the main case was transferred back to the CNDC, considering it had been in such court since December 16, 2009.

On December 17, 2009, the CNDC notified Cablevisión of the initiation of the motion for execution of Resolution No. 1,011/09. On December 18, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued an injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", which suspended the effects of Resolution No. 1,011/09 until the notice set forth in the injunction of December 15, 2009 was served. Accordingly, the CNDC served notice to Cablevisión by means of Resolution No. 1,101/09.

On December 30, 2009, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions", partially acknowledging Grupo Clarín's request and suspending the term for Grupo Clarín to respond to Resolution No. 1,101/09 until Grupo Clarín is granted access to the administrative proceedings related to the charges brought by the CNDC in its Opinion No. 770/09 (on which Resolution No. 1,011/09 was based).

On February 19, 2010, Cablevisión requested the nullification of the notice, and as a default argument, submitted the response requested under Resolution No. 1,101/09. On February 26, 2010, the National Court of Appeals on Federal Commercial-Criminal Matters approved the recusation filed by Cablevisión and excluded the Secretariat of Domestic Trade from the proceedings.

On March 3, 2010, the Argentine Ministry of Economy and Public Finance issued Resolution No. 113 (subscribed by the Minister of Economy, Dr Amado Boudou) rejecting the request for the nullification of Resolution No. 1,011/09, the requests for abstention and excusation of certain officials, and all the evidence produced in connection with such request for nullification. The voluntary undertakings made by Cablevisión

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under Resolution No. 257/07 were deemed unfulfilled, thus declaring the rescission of the authorization granted under such resolution. The parties involved were ordered to take all necessary actions to comply with such rescission within a term of six months, and to inform the CNDC about the progress made in that respect on a monthly basis. Such resolution was appealed in due time and form. The appeal was granted without staying the execution of judgment.

On April 20, 2010, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters granted the appeal filed by Grupo Clarín S.A. in re “Grupo Clarín on delay in the appeal of the proceedings”, and decided that the appeal granted by the CNDC to Grupo Clarín S.A. against Resolution No. 113/10 had the effect of staying such resolution. The National Government filed an appeal asking that the Court of Appeals revoke its own decision with respect to the effect granted to the April 20 decision, and that it decline its jurisdiction. It also filed an appeal to have the case brought before the Supreme Court. Both appeals were dismissed. Chamber No. 2 requested the administrative file to consider the appeal and render its decision.

On September 17, 2015, the Court rendered a decision in favor of Cablevisión, revoking Resolution No. 113/10 in its entirety. Both parties were served with the decision on that same date.

The National Government - Ministry of Economy filed an appeal to have the case brought before the Supreme Court, which was substantiated in February 2016.

Subsequently, in March 2016, the appeal filed by the National Government - Ministry of Economy and Public Finance was dismissed. Therefore, SCI Resolution No. 257/07 and the effects of the authorization are in full force and effect to date.

On March 31, 2016, the National Government – Ministry of Economy and Public Finance filed a direct appeal before the Supreme Court of Argentina.

Subsequently, the National Government abandoned the Direct Appeal and the Supreme Court deemed it abandoned on June 7, 2016. Therefore, MECON Resolution No. 113/10 is considered to be null and void.

- d. On May 31, 2012, Cablevisión was served notice of Resolution No. 16,819 dated May 23, 2012 whereby the Argentine Securities Commission (CNV, for its Spanish acronym) ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged failure to comply with the duty to inform. The CNV considers that Cablevisión failed to comply with its duty to inform because the investor community was deprived of its right to become fully aware of the grounds of a decision rendered by the Federal Court of Mendoza and the scope of the powers granted by that court to the co-administrator appointed in re “Supercanal S.A. v. Cablevisión S.A. on protection of constitutional rights”, in addition to the fact that other self-regulated authorities were allegedly not notified of the information furnished by Cablevisión. On June 25, 2012, Cablevisión filed a response requesting that its defenses be sustained and all charges dismissed. On February 6, 2014 Cablevisión submitted the legal brief for the purpose of discussing the evidence submitted under File No. 171/2012. Now the CNV’s Board of Directors has to render its decision. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of the said summary proceedings will be favorable to Cablevisión.
- e. Pursuant to CNV Resolution No. 16,834 dated June 14, 2012 notified to the Company on June 27, 2012, the CNV ordered the initiation of summary proceedings against the Company and the members of its Board of Directors, Supervisory Committee and Audit Committee in office at the time of the occurrence of the events that motivated the proceedings (September 19, 2008) for alleged failure to comply with the duty to inform. Under said Resolution, the CNV argues that the Company allegedly failed to comply with the duty to disclose the filing of a claim against it entitled “*Consumidores Financieros Asociación Civil para su*

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(Partner)

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Chairman of the Supervisory Committee

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defensa and other v. Grupo Clarín on/Ordinary”, which the CNV considers relevant. On July 25, 2012, Cablevisión filed a response petitioning that its defenses be sustained and that all charges against it be dismissed. The legal brief on the evidence has been submitted. The Company and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, the Company cannot assure that the outcome of said summary proceedings will be favorable.

- f. The Executive Branch of Uruguay issued Decree No. 73/012, published in the Official Gazette on March 16, 2012, whereby it expressly repealed Decree No. 231/011, which had revoked certain signals' broadcast frequencies. However, the new decree ratified and repeated – virtually in identical terms - the decree that was being repealed, and added certain provisions that caused further detriment to the two affected companies with which a subsidiary of Cablevisión has contractual arrangements in place. Consequently, on March 23, 2012 the affected companies filed an appeal requesting that Decree No. 73/012 be revoked. The appeal is still pending resolution.

In May 2012, the aforesaid companies brought a legal action with the Court in Administrative Litigation Matters requesting the nullification of the resolution and the suspension of its execution. This motion to suspend the execution of the challenged resolution was brought as a separate case, and progressed through the corresponding instances. The Office of the Attorney General for Administrative Litigation Matters, in its opinion No. 412/013 advised the Court on Administrative Litigation Matters to grant the motion to suspend the execution of the challenged resolution for formal reasons, but the Court dismissed the motion of suspension. Notwithstanding the foregoing, as of the date of these financial statements, the governmental authorities have not yet enforced the decree.

On September 30, 2014, the Court on Administrative Litigation Matters through its decisions No. 416/2014 and No. 446/2014 revoked for formal reasons Decrees No. 73/012 and No. 231/011, respectively.

On March 9, 2015, Decree No. 82/015 was published in the Official Gazette, whereby the Executive Branch 1) repealed Decree No. 73/012; 2) 16 common stations are awarded to be held in common (the same stations) by BERSABEL S.A. and VISION SATELITAL S.A. for a term of 15 years: Two of the 16 stations are awarded on a secondary basis, which means that they may be exposed to interferences and they do not have the right to bring any claim in connection thereto; 3) use of existing stations must cease within 18 months of their award to mobile service operators; 4) both companies are expressly authorized to increase the number of TV signals (stations) included in their respective services making use of digitization techniques; 5) both companies shall submit before the Communication Services Regulatory Agency (“URSEC”, for its Spanish acronym), within a fixed term of 60 calendar days as from the date of publication of the Decree, a technical plan for the migration and release of stations, which plan shall be assessed and approved by such agency (such plan was submitted on May 7, 2015); 6) the Bidding Terms governing the bid for frequency bands that were owned by both companies shall include an economic compensation mechanism for both companies to cover the expenses incurred in adapting their systems to the new stations awarded to them, in the amount of USD 7,000,000.

Even though both companies' request for the annulment of Decree No. 153/012 was granted for formal reasons (failure to serve prior notice) by the Court on Administrative Litigation Matters (decision 455 of June 11, 2015), this decision does not change prior considerations about the terms of Decree No. 82/015 with respect to both companies due to the fact that Decree No. 305/015 (which substituted Decree No. 153/012) confirmed the allocation of channels 21 through 36 (512 MHz - 608 MHz) and 38 through 41 (614 MHz - 638 MHz), of 6 MHz each, in the UHF band exclusively for rendering accessible, free, digital broadcast television services all over the country, except for channels 35 (596-602 MHz), 36 (602-608 MHz) and 38 through 41 (614-638 MHz) only in the geographic area for which BERSABEL S.A. and VISION SATELITAL S.A. had received authorization, which will be used solely for rendering television services to subscribers through the codified UHF system, as it had been previously and expressly stated in Section 5 of Decree

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No. 82/015 (which repealed and amended the language of Section 1 of the above-mentioned Decree No. 153/012).

- g. On June 4, 2012, the Federal Court of Appeals of Rosario partially confirmed SCI Resolution No. 219/2010, whereby the Secretariat of Domestic Trade found that Cablevisión and Multicanal had engaged in market sharing practices in connection with the paid-television service in the City of Santa Fe and reduced the fine imposed on each of the companies involved from Ps. 2.5 million to Ps. 2 million. However, this decision is not yet final, because Cablevisión and Multicanal and the Ministry of Economy filed appeals, which are still pending before that Court of Appeals. On October 21, 2014, the Argentine Supreme Court dismissed the appeals; therefore, Resolution No. 219/10 became final.

The case is currently pending with the Court of Appeals of Rosario, which shall order its referral to the SCI. The SCI, in turn, shall serve notice to the companies involved in order for them to pay the fine.

- h. On March 1, 2011, the SCI served notice to Multicanal and Cablevisión of Resolution No. 19/11 whereby the Secretariat of Domestic Trade found that both companies had engaged in market sharing practices in connection with the paid-television service in the City of Paraná and imposed a fine of Ps. 2.5 million on each of them. Cablevisión filed an appeal in due time and form. This appeal was dismissed by the Federal Court of Appeals of Paraná. Therefore, Cablevisión filed an appeal with the Argentine Supreme Court. On November 4, 2011, the appeal of SCI Resolution No. 19/11 filed by Cablevisión with the Supreme Court was partially granted by the Federal Court of Appeals of Paraná.

On August 30, 2012, the Argentine Supreme Court dismissed the appeal filed by Cablevisión; therefore, Resolution No. 19/11 became final. The case is currently pending with the Court of Appeals of Paraná, which shall order its referral to the SCI. The SCI, in turn, shall serve notice to the companies involved in order for them to pay the fine.

- i. Cablevisión, by itself and as successor of Multicanal's operations after the merger, is a party to several administrative proceedings under the Antitrust Law, facing charges of anticompetitive conduct, including territorial division of markets, price discrimination, abuse of dominant position, refusal to deal and predatory pricing, as well as a proceeding filed by the *Cámara de Cableoperadores Independientes* (Chamber of Independent Cable Operators), challenging the transactions consummated on September 26, 2006. While Cablevisión believes that its conduct and that of Multicanal have always been within the bounds of the Argentine Antitrust Law and regulations and that their positions in each of these proceedings are reasonably grounded, it can give no assurance that any of these cases will be resolved in its favor.
- j. On January 22, 2010, Cablevisión was served notice of CNDC Resolution No. 8/10 issued within the framework of file No. 0021390/2010 entitled "Official Investigation of Cable Television Subscriptions (C1321)". Pursuant to this Resolution, Cablevisión, among other companies, was ordered to refrain from conducting collusive practices and, particularly, from increasing the price of cable television subscriptions for a term of 60 days, counted as from the date compliance with all required notices is certified in the records of the case. As established by that Resolution, companies that have already increased the price of the subscriptions shall return to the price applicable in November 2009 and maintain such price for the above-mentioned term.

On February 2, 2010, by means of Resolution No. 13/10, the CNDC ordered Cablevisión to refund to its subscribers in the March 2012 invoices the amount of any price increase made after the date of CNDC Resolution No. 8/10.

Cablevisión appealed both resolutions in due time and form and their effects were suspended by an injunction issued by Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial

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Matters at the request of Cablevisión. The National Government filed an appeal with the Supreme Court against this decision, and the appeal has been dismissed.

On October 4, 2011, Chamber No. 2 of the National Court of Appeals on Federal Civil and Commercial Matters granted the appeal filed against both decisions in re “Cablevisión and Other on Appeal against the Decision rendered by the National Antitrust Commission” (File 1,473/2010), declaring Resolution No. 8/10 moot and nullifying Resolution No. 13/10.

The National Government filed an appeal with the Supreme Court of Argentina against the decision rendered by Chamber No. 2, which was granted, but it was dismissed by the Supreme Court of Argentina.

- k. On October 28, 2010, Cablevisión was served notice of the National Administration of Domestic Trade’s resolutions imposing two fines of Ps. 5 million each, for allegedly failing to observe the typographic character requirements under applicable regulations (Resolution 906/98) when informing its subscribers of the increase in the price of their cable television subscriptions. Cablevisión appealed the fines on November 12, 2010 because it believes it has strong grounds in its favor. However, it cannot assure that the outcome will be favorable. One of the files was assigned No. 1280 and is pending before Chamber No. 1 of the Federal Administrative Court of Appeals, and the other one was assigned No. 1,278 and is pending before Chamber No. 5 of the Federal Administrative Court of Appeals.
- l. The litigation brought before the Civil, Commercial, Mining and Labor Court of the City of Concarán, Province of San Luis, in early 2007 in re “Grupo Radio Noticias SRL v. Cablevisión and others”, is still pending before the Federal Court in Administrative Matters No. 2.

The purpose of that claim was to challenge the share transfers mentioned in Note 10.1.c. and to request the revocation of Cablevisión’s broadcasting licenses. Cablevisión has responded to such claim and believes it is very unlikely that it will be admitted. The claimant has abandoned the claim it had brought, and the claimant's attorney must provide evidence of his attorney powers.

- m. The Government of the City of Mar del Plata enacted Ordinance No. 9163, governing the installation of cable television networks. Such ordinance was amended and restated by Ordinance No. 15,981 dated February 26, 2004, giving cable companies until December 31, 2007 to adapt their cable networks to the new municipal requirements. The ordinance sets forth that in those areas where street lighting has underground wiring, cable television networks are to be placed underground. In this sense, the Executive Department of the Municipality of General Pueyrredón has submitted to the Municipal Council a proposed ordinance extending the term provided until December 31, 2015. Such ordinance is ready for discussion by legislators. Even though the ordinance provides for certain penalties that may be imposed, the City has not imposed such penalties to cable systems that are not in compliance with such ordinance.
- n. On November 27, 2012 the National Administration of Domestic Trade served Cablevisión with Resolution No. 308/2012, whereby it imposed a Ps. 5 million fine on that company alleging that it had failed to comply with Section No. 4 of the Antitrust Law (increase in the subscription price of cable television services/wrongful information provided by Customer Service, which informed by mail that SCI Resolution No. 50/10 and the supplementing resolutions are suspended on grounds of unconstitutionality, when in fact they have been suspended by an injunction). On December 11, 2012 Cablevisión appealed Resolution No. 308/2012. The administrative file No. S01:0312056/2011 was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 1 in re “Cablevisión SA v. DNCI Res. 308/12 and Other” (File 140/13). A decision has not been rendered yet.

Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the revocation of the fine will be resolved in its favor.

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- o. On July 5, 2013, the National Administration of Domestic Trade served notice to Cablevisión of Resolution No. 134/2013, whereby it imposed a fine of Ps. 500,000 for breach of Section 2 of Resolution ex S.I.C. y M. No. 789/98, which regulates the Business Loyalty Law No. 22,802. Cablevisión appealed that resolution on July 16, 2013. The administrative file was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 3 in re "Cablevisión SA v. DNCI Res. 134/13 and Other" (File 36044/13). On May 20, 2014, Chamber No. 3 partially granted the appeal filed by Cablevisión and reduced the fine to Ps. 300,000 and ordered that each party shall bear its own legal costs. On June 9, 2014, Cablevisión filed an appeal with the Argentine Supreme Court. On September 18, 2014, Cablevisión was served notice of the extraordinary appeal filed by the National Government, and on October 2, 2014 that company filed a response. On October 9, 2014, the Chamber dismissed both appeals.

On October 08, 2010, the National Administration of Domestic Trade served notice to Cablevisión of Resolution No. 697/2010, whereby it imposed a fine of Ps. 500,000 for breach of Section 21 of the Business Loyalty Law No. 22,802. Cablevisión appealed that resolution on October 26, 2010. The administrative file was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 3 in re "Cablevisión SA v. DNCI Res. 697/2010 (File S01:80822/10) and Other" (File 1,277/2011). On December 29, 2011 the Court of Appeals dismissed the appeal filed by Cablevisión, and imposed court costs on Cablevisión. On February 22, 2012, Cablevisión filed an appeal with the Argentine Supreme Court. The appeal was dismissed by the Chamber on April 10, 2012. On April 26, 2012, Cablevisión filed an appeal against the above-mentioned dismissal. The Supreme Court of Argentina granted the appeal and revoked the decision against which Cablevisión had filed the appeal with legal costs to be borne by the National Administration of Domestic Trade, and ordered that the case be sent back to the court of first instance for it to render a new decision based on the precedent indicated in its ruling.

- p. On March 16, 2012, CNV issued Resolution No. 16,765 whereby it ordered the initiation of summary proceedings against Cablevisión, its directors and members of the Supervisory Committee for an alleged failure to comply with the duty to inform. The CNV considers that Cablevisión failed to comply with its duty to inform because the investor community was deprived of its right to become fully aware of the Decision rendered by the Supreme Court of Argentina in re "Application for judicial review brought by the National Government Ministry of Economy and Production of the case Multicanal S.A. and other v/CONADECO Decree No. 527/05" and other, and also considers that Cablevisión did not disclose certain issues related to the information required by the CNV in connection with its Class 1 and 2 Noteholders' Extraordinary Meetings held on April 23, 2010. On April 04, 2012, that company filed a response requesting that its defenses be sustained and that all charges against it be dismissed. The discovery stage has been closed and the company submitted the legal brief. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of said summary proceedings will be favorable.
- q. On August 28, 2015, Cablevisión was served notice of Resolution No. 17,769 dated August 13, 2015 whereby the CNV ordered the initiation of summary proceedings against Cablevisión and its directors, members of the Supervisory Committee and the Head of Market Relations for an alleged delay in the submission of the required documentation. The CNV considers that Cablevisión failed to comply with effective regulations because it filed certain documentation outside the regulatory term set by CNV rules (as restated in 2013, as amended). Cablevisión, as well as its directors, members of the Supervisory Committee and Head of Market Relations filed a response in due time and form requesting that its defenses be sustained and all charges dismissed. Cablevisión and its legal advisors believe that the company has strong arguments in its favor. Nevertheless, Cablevisión cannot assure that the outcome of the said summary proceedings will be favorable to Cablevisión. On January 20, 2016, the preliminary hearing was

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held pursuant to Section 138 of Law No. 26,831 and Article 8, Subsection b.1. of Section II, Chapter II, Title XIII of the Regulations (T.R. 2013).

10.2 Claims and Disputes with Governmental Agencies

- a. In connection with the decisions made at the Company's Annual Ordinary Shareholders' Meeting held on April 28, 2011, on September 1, 2011 the Company was served with a preliminary injunction in re "National Social Security Administration v. Grupo Clarín S.A. re ordinary proceeding" whereby the Company may not in any way dispose, in part or in whole, of the Ps. 387,028,756 currently recorded under the retained earnings account, other than to distribute dividends to the shareholders.

On the same date, the Company was served with a claim brought by Argentina's National Social Security Administration requesting the nullity of the decision made on point 7 (Appropriation of Retained Earnings) of the agenda of the Annual Ordinary Shareholders' Meeting held on April 22, 2010. As of the date of these financial statements, the Company has duly answered the complaint, the parties have produced evidence and made allegations.

On November 1, 2011, the CNV issued Resolution No. 593, which provides that at shareholders' meetings in which financial statements are considered shareholders must expressly decide to, either distribute as dividends any retained earnings that are not subject to distribution restrictions and that may be disposed of pursuant to applicable law or capitalize such retained earnings and issue shares, or appropriate them to set up reserves other than legal reserves, or a combination of the above.

On July 12, 2013 the Company was served notice of Resolution No. 17,131; dated as of July 11, 2013 whereby the CNV declared that the administrative effects of the decisions adopted at the Annual General Ordinary Shareholders' Meeting held on April 25, 2013 were irregular and ineffective, based on allegations that are absolutely false and irrelevant. According to the Company and its legal advisors, Resolution No. 17,131 is, among other things, null and void, because it lacks sufficient grounds and its enactment is a clear abuse of authority and a further step in the National Government's attempt to intervene in the Company. On October 11, 2013 Chamber No. 5 of the National Court of Appeals on Federal Administrative Matters issued a preliminary injunction in re "Grupo Clarín S.A. v. CNV – Resol No. 17.131/13 (File 737/13)" File No. 29,563/2013, whereby it suspended the effects of Resolution No. 17.131/2013 dated July 11, 2013 which had rendered irregular and with no effect for administrative purposes the Company's Annual Ordinary Shareholders' Meeting held on April 25, 2013. As of the date of these financial statements, the preliminary injunction is still in effect.

In August 2013 the Company was served with a nullification claim brought by Argentina's National Social Security Administration relating to the Annual Ordinary Shareholders' Meeting held on April 28, 2011 whereby it requested the nullity of all the decisions made at such meeting and, as a default argument, the nullity of the decisions made on points 2, 4 and 7 of that meeting's agenda, as well as the nullity of the decisions made at the Extraordinary Meetings of Class A, B and A and B Shareholders. As of the date of these financial statements, the Company had duly answered the complaint.

On September 17, 2013 the Company was served with a nullification claim brought by Argentina's National Social Security Administration relating to the Annual Ordinary Shareholders' Meeting held on April 26, 2012 whereby it requested the nullity of all the decisions made at such meeting and, as a default argument, the nullity of the decisions made on points 8 and 4 of that meeting's agenda, as well as the nullity of the decisions made at the Extraordinary Meetings of Class A, B and A and B Shareholders. As of the date of these financial statements, the Company had duly answered the complaint.

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On March 21, 2014, the Company was served notice of a claim brought by Argentina's National Social Security Administration in re "National Social Security Administration v. GRUPO CLARÍN S.A. on Ordinary Proceeding" File No. 74,429, pending before the National Court of First Instance on Commercial Matters No. 17, Clerk's Office No. 34. This claim seeks to nullify and challenge the corporate decisions made at the Shareholders' Meeting held on April 25, 2013 and those made at the Board of Directors' Meeting held on April 26, 2013. As of the date of these financial statements, a response to the claim had been filed.

On September 16, 2014, the Company received a communication from its controlling shareholder, GC Dominio S.A., whereby that company informed that it had been summoned to court as a third party in re "National Social Security Administration v. Grupo Clarín S.A. on Ordinary Proceeding", pending before the National Court of First Instance on Commercial Matters No. 17, Clerk's Office No. 33. As of the date of these financial statements and as informed by GC Dominio S.A., that company has filed a response to the above-mentioned claim.

According to the Company and its legal advisors, the outstanding claims requesting the nullification of the Shareholders' Meetings have no legal grounds. Therefore, they believe that the Company will not have to face adverse consequences in this regard.

- b. The Argentine Federal Revenue Service ("AFIP") served the subsidiary CIMECO with a notice challenging its income tax assessment for fiscal years 2000, 2001 and 2002. In such notice, the AFIP challenged mainly the deduction of interest and exchange differences in the tax returns filed for those years. If AFIP's position prevails, CIMECO's maximum contingency as of December 31, 2016 would amount to approximately Ps. 12.3 million for taxes and Ps. 42.7 million for interest.

CIMECO filed a response, which was dismissed by the tax authorities. The tax authorities issued their own official assessment and imposed penalties. CIMECO appealed the tax authorities' resolution before the National Tax Court on August 15, 2007.

During the year ended December 31, 2010, CIMECO received a pro forma income tax assessment from the AFIP for fiscal periods 2003 through 2007, as a consequence of AFIP's challenge to CIMECO's income tax assessments for the periods 2000 through 2002 mentioned above. CIMECO filed a response before AFIP, rejecting such assessment and requesting the suspension of administrative proceedings until the Federal Tax Court renders its decision on the merits.

During 2011, the AFIP served CIMECO with a notice stating the income tax charges assessed for years 2003 through 2007 and ordering the initiation of summary proceedings. The AFIP's assessment shows a difference in its favor in the Income Tax liability for the periods indicated above for an amount in excess of the amount that had been estimated originally, as a result of the method used to calculate certain deductions. CIMECO responded to the assessment rejecting all of the adjustments and requesting that the proceedings be rendered without effect and filed, with no further actions to be taken.

On April 26, 2012, the AFIP issued a new official assessment comprising the fiscal years 2003 through 2007, in which it applied the same method for the calculation as that used for the administrative settlement, claiming a total liability of Ps. 120 million. On May 21, 2012, an appeal was filed with the Federal Tax Court.

CIMECO and its legal and tax advisors believe CIMECO has strong grounds to defend the criteria adopted in their tax returns and that AFIP's challenges will not be admitted by the Federal Tax Court. Accordingly, CIMECO has not booked an allowance in connection with the effects such challenges may have.

- c. On September 10, 2010, the AFIP served TRISA with a notice with objections to its income tax assessment, with respect to the application of the withholding regime set forth under the section following section 69 of the Income Tax law, for fiscal years 2004, 2005 and 2006. If AFIP's position prevails, TRISA's contingency

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would amount to approximately Ps. 28.9 million, out of which Ps. 9.3 million would correspond to taxes on dividend payments made during those years, Ps. 6.5 million to a 70% fine on the omitted tax, and Ps. 13.1 million to late-payment interest, calculated as of the date of the AFIP's tax assessment.

TRISA filed a response, which was dismissed by the tax authorities. On December 20, the tax authorities issued their own official assessment and imposed penalties. TRISA appealed the tax authorities' resolution before the National Tax Court on February 8, 2011.

TRISA and its legal and tax advisors believe that TRISA has strong grounds to defend its position and that AFIP's challenges will not be admitted by the Federal Tax Court. Accordingly, TRISA has not booked a provision in connection with the effects such challenges may have.

- d. On August 13, 2012, the parent company GC Dominio S.A. was served notice of a claim brought by the Argentine Superintendency of Legal Entities (IGJ) whereby that agency seeks to annul the registration with the Public Registry of Commerce of the appointment of GC Dominio S.A.'s authorities, approved at the Shareholders' Meeting held on May 17, 2011. The claim is pending before the Federal Court of First Instance on Commercial Matters No. 25, Clerk's Office No. 49 ("*Inspección General de Justicia v. Dominio S.A. on/Ordinary*", File No. 58652). The claim brought by the IGJ seeks to annul the registration with IGJ of the appointment of GC Dominio S.A.'s authorities, approved at the Annual General Ordinary Shareholders' Meeting of GC Dominio held on May 17, 2011. The appointment was registered with the IGJ on April 23, 2012 under No. 7147, Book No. 59 of Share Companies. According to the IGJ and as the case file is said to show, GC Dominio has allegedly failed to comply with certain regulations applicable to foreign shareholders upon registration of the appointment of authorities. Also within the framework of this claim, the Court issued an injunction in favor of the IGJ ordering that the existence of this claim be duly noted. The Chamber has confirmed the decision to order that the existence of this claim be duly noted.

GC Dominio S.A.'s legal advisors have strong grounds to argue that the resolution of IGJ's claim seeking the de-registration of the appointment of authorities has serious defects and infringes the guarantees of reasonableness and due process; a principle that derives from the constitutional guarantee of defense in court, which entails the right to be heard and to produce evidence to contradict a claim. GC Dominio S.A. has appealed such injunction because it considers that the IGJ has not shown that its legal arguments are, at least, plausible.

- e. As a result of a suspicious transaction report issued by the Argentine Federal Revenue Service ("AFIP") relating to transactions carried out between the Company and certain subsidiaries, the Financial Information Unit ("FIU") pressed criminal charges for alleged money laundering. The action is now pending before Federal Court No. 9, under Dr. Luis Rodriguez. The FIU has pressed charges against the Company and its directors for alleged money laundering activities related to the trading of shares between the Company and some of its subsidiaries. The Company has appointed defense attorneys and has requested a copy of the file to understand the details of the charges. The FIU is acting as plaintiff in this case. One of the Company's directors made a spontaneous appearance and filed a response and produced documentary evidence. Certain charges pressed by Representative Di Tullio were also added to the case. In addition, the Prosecutor requested that the charges be investigated and that certain evidentiary measures be taken which have not yet been fulfilled as of the date of these financial statements.

In March 2014, the intervening prosecutor Miguel Angel Osorio broadened the request for evidence with regard to intercompany movements between Cablevisión and certain subsidiaries, all of which were regular and had been duly recorded.

The Company and its legal advisors consider that there are strong arguments in the Company's favor, and have gathered evidence that supports the lack of involvement of anyone in any such unlawful maneuvers. However, they cannot assure that the outcome of this action will be favorable.

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- f. By means of Resolution 16,364/2010, dated and notified to AGEA as of July 15, 2010, the CNV's Board of Directors decided to initiate summary proceedings against AGEA and certain current and past members of its board of directors and supervisory commission, for alleged infringement of the Argentine Business Associations Law, Decree No. 677/01 and Law No, 22,315. AGEA, and the current and past members of the Board of Directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses.
- g. The subsidiary AGEA received several inspections from the AFIP aimed at verifying compliance with the so-called competitiveness plans implemented by the National Executive Branch. After several reports issued by the AFIP and the corresponding Resolutions issued by the Ministry of Economy, such agencies allege that certain acts performed by AGEA during 2002 lead to the nullity of some of the benefits granted under said plans, including adjustments, for an estimated total amount of Ps. 65 million. In April 2013, AGEA was served with AFIP Resolution No. 03/13, whereby such agency decided to exclude AGEA from the Registry of Beneficiaries of the Competitiveness and Employment Generation Agreements under the Cultural Sector Agreement, as from March 4, 2002. The AFIP ordered the restatement of the tax returns and the remittance of the corresponding amounts. AGEA filed an appeal against such resolution. Notwithstanding the foregoing, in re "AEDBA and Other v. Ministry of Economy Resolution No. 58/10", the Federal Court on Administrative Matters No. 6 issued an injunction ordering AFIP to refrain from initiating and/or continuing with the administrative proceeding/s and/or any act that would entail the enforcement of the amounts payable under Resolution No. 3/13, until a final decision is rendered. Notwithstanding the foregoing, AGEA cannot assure that the appeal will be resolved in its favor.
- h. On April 9, 2013, Cablevisión was served notice of AFIP Resolution No. 45/13 dated April 3, 2013, whereby such agency imposed penalties in a summary proceeding against that company with respect to compliance with General Resolution No. 3,260/12. Cablevisión filed an appeal, which has staying effects on the execution of those penalties.
- i. Pursuant to Resolution No. 17,522 issued on September 18, 2014 and notified to AGEA on September 24, 2014, the Board of Directors of the CNV decided to initiate summary proceedings against AGEA, certain current and past members of its Board of Directors and supervisory commission –who occupied those positions between September 19, 2008 and the present date- and against that company's Head of Market Relations, for an alleged failure to comply with the duty to inform that AGEA was a co-defendant in re "CONSUMIDORES FINANCIEROS ASOCIACION CIVIL PARA SU DEFENSA AND OTHER V. GRUPO CLARIN S.A. AND OTHER on EXPEDITED SUMMARY PROCEEDING" (File No. 065441/08). The summary proceeding is grounded on an alleged failure to comply with Article 5, subsection a), the first part of Article 6 and Article 8, subsection a) part V) of the Annex to Decree No. 677/01; with Articles 1, 2 and 3, subsection . 9) of Chapter XXI of the REGULATIONS (T.R. 2001 as amended) –now Article 1 of Section I, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Articles 2 and 3 subsection . 9) of Section II, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Article 11 subsection . a.12) of Chapter XXVI of the REGULATIONS (T.R. 2001 as amended) –now Article 11 subsection 13) of Section IV, Chapter I, Title XV of the REGULATIONS (T.R. 2013 as amended); with Article 99 and 100 of Law No. 26,831; and with Articles 59 and 294 subsection . 9) of Law No. 19,550. AGEA, and the current and past members of the Board of Directors and supervisory commission who are subject to the summary proceedings, duly filed their respective responses. On February 11, 2015, the preliminary hearing was held pursuant to Article 8, subsection b.1.), Title XIII, Chapter II, Section II of the Regulations (T.R 2013, as amended). On August 19, 2015, the company submitted the legal brief for the discovery stage.
- j. On February 27, 2013, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2008 and ordering the initiation of summary proceedings for alleged omitted taxes. The AFIP mainly challenged the deduction of certain expenses and fees, as well as the calculation of the corresponding tax credit. IESA filed an appeal in connection with such order, which is

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currently pending before the National Tax Court. The official assessment amounts to P6. 1.4 million for income tax and Ps. 2.8 million for late-payment interest, calculated as of December 31, 2016.

The official value-added tax assessment amounts to Ps. 0.8 million for tax differences and Ps. 1.8 million for late-payment interest, calculated as of December 31, 2016.

On October 21, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2009 and ordered the initiation of summary proceedings for alleged omitted taxes. In this case, the AFIP mainly challenged the deduction of fees, as well as the calculation of the corresponding tax credit. IESA filed an appeal in connection thereto, which is currently pending before the National Tax Court. The official assessment amounts to Ps. 1.2 million for income tax and Ps. 2.8 million for late-payment interest, calculated as of December 31, 2016.

The official value-added tax assessment amounts to Ps. 0.5 million for tax differences and Ps. 1.2 million for late-payment interest, calculated as of December 31, 2016.

IESA and its legal and tax advisors believe that it has strong arguments in its favor to defend the criterion adopted in its tax returns.

10.3 Other Claims and Disputes

- a. On June 22, 2007, TSC executed several documents with AFA, applicable from the 2007/2008 until the 2013/2014 soccer seasons, whereby TSC held all the broadcasting rights for ten of the Argentine soccer first division official tournament matches played each week.

On August 13, 2009 AFA notified TSC of its decision to terminate unilaterally the above-mentioned agreement. TSC challenged AFA's unilateral termination of the agreement and, in order to safeguard its rights, on June 15, 2010 it brought a legal action against AFA before a commercial court for contractual breach and damages.

AFA summoned the National Government as a third party, and the National Government was incorporated to the proceedings. The National Government requested that the case be submitted to the Court on Federal Administrative Matters. The request was dismissed by the Commercial Court of Appeals, which ratified the jurisdiction of the Commercial Court.

The National Government filed an appeal in connection with the jurisdictional conflict, with the Supreme Court of Argentina, which dismissed the appeal and ordered that the file be submitted to the Court of First Instance. On September 5, 2016, the judge ordered discovery proceedings, and established that the hearing provided under Section 360 of the Civil and Commercial Procedure Code of Argentina would be held on June 5, 2017.

- b. On January 31, 2012, FADRA informed Grupo Carburando's subsidiary Mundo Show S.A. of the unilateral rescission of the agreement executed in 2006 whereby FADRA assigned to that company the rights comprising image, sound and static advertising of motor racing at the road racing events Turismo Carretera and TC Pista until December 31, 2015. Mundo Show S.A. has challenged and rejected FADRA's unilateral rescission of the agreement. In light of the events, Mundo Show S.A. will not be able to sell or export the audiovisual and static advertising rights of the above-mentioned motor racing events. Therefore, in 2012 an allowance was set up for impairment of goodwill and other assets related to such agreement of approximately Ps. 17 million. On July 17, 2013, some of the Company's subsidiaries executed an agreement in order to settle the legal actions brought as a consequence of the termination of TV broadcasting rights and sponsorship agreements relating to the Turismo Carretera and TC Pista road racing events, whereby FADRA undertook to pay damages for an aggregate and final amount of Ps. 16.5 million

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in 23 monthly and consecutive installments. In addition, it assigned all of its equity interest in TCM, which represents 20% of its capital stock and votes. The parties also settled the claims brought against FADRA in re "Mundo Show v. FADRA on pending cash collection, File No. 10041/2012", whereby FADRA paid Ps. 1.5 million in exchange for the dismissal of the legal actions.

- c. Pursuant to a notarial certificate issued on September 19, 2008, AGEA and the Company were served with a legal action brought by an entity representing consumers and alleged financial victims (and by six other individuals). Claimants are Multicanal noteholders who claim to be allegedly affected by Multicanal's APE. The claim is grounded on a Consumer Defense Law that, in general terms, provides for an ambiguous procedure that is very strict against the defendant.

The Company, AGEA and certain directors and members of the supervisory committee and shareholders have been served with the claim. After rejecting certain preliminary defenses presented by the defendants, such as the application of statutes of limitation and the failure to comply with prior mediation procedures, the claim followed ordinary procedure and the above-mentioned persons duly filed their respective responses.

- d. On September 16, 2010 the Company was served with a claim brought against it by Consumidores Financieros Asociación Civil para su Defensa. The plaintiff claims a reimbursement of the difference between the value of the shares of the Company purchased at their initial public offering and the value of the shares at the time a decision is rendered in the case. The Company has duly responded to the claim and the intervening Court has deemed the claim responded.
- e. On April 25, 2013 Grupo Clarín S.A. held its Annual Ordinary Shareholders' Meeting. As a result of the issues raised at this Meeting, some of the permanent directors informed the Company that they had pressed criminal charges against the representatives of the shareholder ANSES and of the CNV (Messrs. Reposo, Kicillof, Moreno, Vanoli, Fardi and Helman) for making statements and intellectual constructions which, under the appearance of being included in the new regulations of the Argentine Capital Markets Law, only sought to discredit the Board of Directors and caricature its management, creating pretexts that may lead to an intervention of the Company without judicial control; pursuant to the new powers vested on the CNV by Capital Markets Law No. 26,831. On April 26, 2013, the Board of Directors decided to press charges on the same grounds.

Consequently, the Company sent a letter to the CNV, in which it clearly stated that what had happened at that Meeting could not be considered in any way as an acknowledgment of the legitimacy of the powers vested on the CNV by Law No. 26,831 and/or the regulations that may be issued in the future. The letter also stated that the Company reserved its right to file the pertinent legal actions at any time to request the declaration of the evident unconstitutionality of that law. It also requested the CNV to refrain from performing any act or issuing any resolution that would lead to the execution of the plan of which they had been accused before the courts.

- f. On May 30, 2013, Pem S.A. was served notice of a claim in re "TELEVISORA PRIVADA DEL OESTE S.A. v. GRUPO CLARÍN S.A. AND OTHERS on ORDINARY" File No. 99078/2011, which is pending before the Federal Commercial Court No. 16 of First Instance, Clerk's Office No. 32. The claim seeks damages resulting from certain decisions made with respect to Televisora Privada del Oeste S.A. Cablevisión and the Company, among others, are defendants in such lawsuit. Cablevisión was served with the claim and filed a response in due time and form. Notice of the claim is being served on the other co-defendants. According to the Company's legal advisors, the chances of success of the claim are low because the damages claimed are clearly overstated, the actual damage invoked does not exist and the claim is procedurally inappropriate, on both a factual and legal basis. Pem S.A. filed a response and the proceeding is now in the discovery stage. In view of the level of conflict that has arisen among the parties and the length of time it is taking to reach a solution, Cablevisión cannot ascertain the outcome of this claim.

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- g. In March 2012, ARTEAR brought a summary action for the protection of constitutional rights against the National Government (Chief of the Cabinet of Ministers and Secretariat of Public Communication) and against Messrs. Juan Manuel Abal Medina and Alfredo Scoccimarro, in order to request that the National Government cease in the arbitrary and discriminatory allocation of official advertising with respect to Arte Radiotelevisivo Argentino S.A. ARTEAR requested (i) that the court order the maintenance of a balanced allocation with respect to the amount of official advertising received in previous years, and in particular prior to 2008, and with respect to the amount of official advertising allocated to other broadcasters of similar characteristics, and (ii) that the conduct of the above-mentioned officials be declared illegitimate, on account of their having abusively exercised their discretionary power to manage public funds destined to official advertising, discriminating against Canal 13, which is owned by ARTEAR.

On February 11, 2014, the Supreme Court of Argentina decided in re “Arte Radiotelevisivo Argentino S.A. v. National Government - Chief of the Cabinet of Ministers and Media Secretariat on summary action for the protection of constitutional rights (acción de amparo) Law No. 16,980” to confirm the decision rendered in that respect by Chamber No. 4 of the National Court of Appeals on Federal Administrative Matters. This Court admitted the summary action brought by ARTEAR and ordered the National Government to provide for the drafting and submission to the first instance court of a scheme for the allocation of official advertising that included the broadcasters with characteristics analogous to those of ARTEAR. Among those broadcasters, the Court of Appeals included América TV S.A. (Canal 2), Telearte S.A. (Canal 9), Televisión Federal S.A. (Canal 11), ARTEAR (Canal 13) and SNMP S.A. and RTA S.E. (Canal 7). The allocation scheme must faithfully conform to the guidelines of proportionality and equity set forth in the ruling. The term for submitting the allocation scheme was set at thirty days after that decision became final. After ARTEAR had filed several complaints denouncing non-compliance with the decision rendered by the Supreme Court, the judge of the National Court of First Instance on Federal Administrative Matters No. 12, Clerk’s Office No. 23 admitted these complaints in June 2015. The judge held that the defendant had not complied with the Supreme Court’s decision and ordered that it begin to comply going forward. As of the date of these financial statements, the National Government is complying with that decision.

- h. The claimants representing media companies in re “AEDBA and Other v. National Government – Decree No. 746/03 – AFIP on Incidental Procedure” pending before the Court on Federal Administrative Matters No. 4 requested that media companies represented by the claimants be granted the right to have a differential VAT regime as undertaken by the National Government under Decree No. 746/03 and the rules and regulations issued in connection thereto.

On October 30, 2003, a preliminary injunction was issued in connection with the above-mentioned file, ordering the National Government to maintain the effectiveness of the benefit granted under Decree No. 746/03. The National Government filed an appeal against that decision and on November 6, 2008, the Court of Appeals granted the request to have the injunction revoked, among other things. On November 27, 2008, the claimants filed an appeal with the Supreme Court of Argentina requesting the suspension of the enforcement of such ruling.

On October 28, 2014, the Supreme Court of Argentina issued a ruling in connection with the above-mentioned file, whereby it declared the appeal formally admissible and thus confirmed the effectiveness of the above-mentioned preliminary injunction. In the recitals of its ruling, the Supreme Court stated that: (i) as of the date of the decision, the Executive Branch had not yet established any regime to replace the so-called competitiveness and employment generation agreements; (ii) the differential VAT regime provided under Law No. 26,982 was only applicable to small media companies, not to all media companies; (iii) the tax policy must not be biased and cannot be used as a way to curtail freedom of speech; (iv) the alternative solution that had to be sought ruled out, as a matter of principle, the application of the general regime; (v) even though the merits have not been decided upon (differential VAT regime), the injunction that had been issued in connection thereof shall remain effective until such a solution to the matter is reached; (vi) the

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legal entities that met the obligations within the scope of the injunction shall not be deemed delinquent; and (vii) the judge of the first instance court shall render an urgent decision on the merits.

On December 10, 2014, the Federal Court on Administrative Matters No. 4 rendered a decision on the merits in re AEDBA and other v. National Government Decree No. 746/03 and other on Proceeding leading to a declaratory judgment” ordering, among other things, that: The claimants (media companies) have the standing to sue; that the judge cannot legislate because only the Legislative Branch is empowered to do so; that, pursuant to the enactment of Law No. 26,982, the obligation undertaken by the Executive branch has already been met since the differential VAT rates have already been set and, therefore, the claim is moot; that, based on the decision rendered by the Supreme Court of Argentina, the companies cannot be deemed delinquent.

Given the fact that the above-mentioned decision opposes and contradicts the grounds stated by the Supreme Court, the claimants (AEDBA, ARPA, ADIRA, as well as other associations) filed an appeal against the decision rendered by the above-mentioned court of first instance with the corresponding Court of Appeals. On October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters admitted the appeals filed by the claimants and revoked the decision rendered by the Court on Federal Administrative Matters No. 4, ordering that the effectiveness of the preliminary injunction be maintained and authorizing the calculation of employer’s contributions as tax credit on VAT until the Executive Branch complies with the provisions of Decree No. 746/03.

On December 3, 2015, the Supreme Court of Argentina dismissed the appeal filed by the Executive Branch. Therefore, the decision rendered by the Court of Appeals became firm and final.

As a result of the foregoing, AGEA and some of its subsidiaries and Radio Mitre started to calculate employer’s contributions as tax credit on VAT as from November 2014.

- i. On October 3, 2014, ARTEAR and some of its subsidiaries submitted a request to join the Association of Argentine Private Broadcasters (“ARPA”, for its Spanish acronym), which became effective as from June 2015. As a result of the above-mentioned incorporation, that company became eligible to enjoy the benefit, provided under Decree No. 746/03, of calculating employer’s contributions as tax credit on VAT.

ARPA is a party to “Association of Newspaper Publishers of the City of Buenos Aires (AEDBA, for its Spanish acronym) and other –ADIRA, AAER, ATA AND ARPA- v. National Government - Decree No. 746/03 - AFIP on Autonomous Preliminary Injunction”, in respect of which the Supreme Court of Argentina rendered a decision on October 28, 2014. These associations had requested a preliminary injunction ordering the Executive Branch to maintain the effectiveness of the benefit of calculating employer’s contributions as tax credit on VAT, pursuant to Decree No. 746/03, for the companies that belong to these associations, or else, as a default argument, ordering the AFIP to refrain from claiming payment on the corresponding taxes. In addition, the Court confirmed the decision on the extended preliminary injunction stating that, notwithstanding the decision, the claimants shall not be deemed delinquent within the framework of the preliminary injunction. On October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters admitted the appeals filed by the claimants and revoked the decision rendered by the Court on Federal Administrative Matters No. 4, ordering that the effectiveness of the preliminary injunction be maintained and authorizing the calculation of employer’s contributions as tax credit on VAT until the Executive Branch complies with the provisions of Decree No. 746/03.

On December 3, 2015, the Supreme Court of Argentina dismissed the appeal filed by the Executive Branch. Therefore, the decision rendered by the Court of Appeals became firm and final.

As a result of the foregoing, ARTEAR and some of its subsidiaries started to calculate employer’s contributions as tax credit on VAT as from July 2015.

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- j. Cablevisión, together with its merged companies and ATVC, brought a claim requesting the Judicial Branch, through a final decision rendered in a contradictory trial, to declare: 1) that the National Government undertook the obligation to provide an alternative solution to the repeal of the regime established under Section 52 of Decree No. 1,387/01 for companies that render supplementary broadcasting services and cable television services, which shall contemplate the reasons for excluding these companies from the repeal of Decree No. 1,387/01 through Decree No. 746/03, and 2) that while the Government considers the situation of those companies to find such an alternative solution, it shall maintain the effectiveness of the regime established under Section 52 of Decree No. 1,387/01 (cfr. fs.2/12).

On October 1, 2015, Chamber II of the Court of Appeals on Federal Administrative Matters, in a single joint decision in re “AEDBA and other v. National Government - Decree No. 746/03 - AFIP on Incidental Procedure”, decided that, among other things, even though ATVC was not among the claimants that had been granted an injunction in the other two above-mentioned related cases, the situation was also applicable to the sector encompassed by that association, therefore, the decision shall also apply to this association. Under these conditions, the claims brought by the claimants shall be admitted - in the joinder of the three claims - and the claimants and the companies represented by them are entitled to have a differential VAT regime applicable to the sectors involved which shall be created, enforced and regulated by the authorities duly empowered by the Constitution to such end. This regime shall guarantee the full exercise of the rights recognized under Section 14 of the National Constitution, as well as the maintenance of the exception provided under Section 2 of Decree N° 746/03 from the repeal of Section 52 of Decree No. 1,387/01. On December 3, 2015, the Supreme Court of Argentina dismissed the appeal filed by the Executive Branch. Therefore, the decision rendered by the Court of Appeals became firm and final.

As a result of the foregoing, Cablevisión and its subsidiaries started to calculate employer’s contributions as tax credit on VAT as from September 2015. The amount calculated as of December 31, 2016 and 2015 was approximately Ps. 741.3 million and Ps. 237 million, respectively.

- k. In February 2016, Radio Mitre was served with a claim seeking to extend to Radio Mitre the bankruptcy of one of its subsidiaries, Cadena País Producciones Publicitarias S.A., in connection with a case pending before one of the National Courts of First Instance on Commercial Matters of the City of Buenos Aires. Our legal advisors believe that that company has sufficient legal and factual grounds to support its position contrary to that claim and, therefore, they do not foresee any adverse effects that may be derived from this situation.

10.4 Matters concerning Papel Prensa:

I. Papel Prensa has several disputes pending before the Commercial Court of Appeals of the City of Buenos Aires as a consequence of CNV Resolution No. 16,222. Pursuant to said Resolution, the CNV declared that certain decisions of Papel Prensa’s Board of Directors were irregular and with no effect for administrative purposes. The Resolution challenged the Board’s fulfillment of the formalities required in the preparation, transcription and execution of meeting minutes on the relevant corporate books. On June 24, 2010, in File No. 75,479/09, the Commercial Court of Appeals of the City of Buenos Aires, Chamber C, decided to nullify CNV Resolution No. 16,222. On the basis of Resolution No. 16,222, the CNV has questioned subsequent decisions of Papel Prensa’s Board and of its Shareholders. In response, Papel Prensa has brought several administrative claims against the CNV, questioning its position. All of such claims were decided in Papel Prensa’s favor by the Commercial Court of Appeals of the City of Buenos Aires. Consequently, the CNV’s decisions were nullified. Furthermore, the Commercial Court of Appeals, Chamber C, dismissed the appeals filed by the CNV before the Supreme Court of Argentina against the Court of Appeals’ decisions. The CNV filed a direct appeal before the Supreme Court.

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As a consequence of the above, Papel Prensa has continued with the criminal proceedings brought against certain public officials.

On February 1 and 4, 2010, the Secretary of Domestic Trade, Mario G. Moreno, and the CNV, respectively, requested the judicial intervention of Papel Prensa before the commercial justice. Such claims were pending before the Federal Commercial Court of First Instance No. 2, Clerk's Office No. 4, temporarily under judge Dr. Eduardo Malde, who, on March 8, 2010, issued an injunction whereby he suspended certain decisions adopted at meetings of the Board of Directors and at Shareholders Meetings held on or after November 4, 2009. Judge Malde also appointed a co-administrator without removing the members of the previous corporate bodies. Papel Prensa filed an appeal, which the Commercial Court of Appeals, Chamber C, resolved in Papel Prensa's favor, by revoking the injunction on August 31, 2010. On December 7, 2010 the same Chamber C dismissed the appeals filed by the CNV and the National Government before the Supreme Court of Argentina against the Court of Appeals' decision. Both the CNV and the National Government filed direct appeals against such decision.

On March 26, 2014, the Supreme Court of Argentina dismissed the appeal that had been filed by the CNV. Therefore, the decision rendered by the Court of Appeals that nullified Resolution No. 16,222 became final, with full force and effect. Also on the same date, the Supreme Court of Argentina dismissed the appeals brought by CNV and the National Government. Therefore, the decision rendered by the Court of Appeals that revoked the corporate intervention of Papel Prensa became final, with full force and effect.

None of the claims mentioned in the above paragraphs had a material effect on AGEA's financial and economic condition as of December 31, 2016.

II. On January 6, 2010, the SCI issued Resolution 1/2010, whereby certain business practices were imposed on Papel Prensa. Papel Prensa brought a legal action against such resolution on grounds of unconstitutionality before the Federal Court on Administrative Matters and requested an injunction which was granted by the intervening judge. Pursuant to the injunction, the effects of such Resolution were suspended. On May 7, 2010, the Federal Court on Administrative Matters revoked the injunction. Papel Prensa appealed such decision, which was affirmed by the Federal Court of Appeals on Administrative Matters. Papel Prensa filed an appeal against the Court of Appeals' decision. The appeal was denied and Papel Prensa was served notice of that denial on September 1, 2010. On June 2, 2015, the dismissal of the claim brought by Papel Prensa against the constitutionality of Resolution No. 1/2010 became final. The court held that the claim became moot upon the enactment of Law No. 26,736. The Company understands that the substantive claim is now subject to the outcome of the claim brought by Papel Prensa against the constitutionality of Law No. 26,736, currently pending before the Federal Civil and Commercial Court.

III. Papel Prensa suspended its operations with related parties between March 9 and April 21, 2010 pursuant to an injunction issued on March 8, 2010 by Judge Malde. In his ruling, Judge Malde decided to suspend the Board of Directors' resolution of December 23, 2009, which had approved the terms and conditions of transactions with related parties for the year 2010. On April 21, 2010, the Board of Directors of Papel Prensa, following a proposal made by the court-appointed supervisor (*interventor*) and co-administrator, approved the resumption of such company's transactions with related parties under provisional conditions for as long as the decision rendered by the Board on December 23, 2009 remained suspended and/or until Papel Prensa's corporate bodies established a business practice to follow with related parties.

Such approval involved suspending the application of volume discounts in connection with purchases made by related parties, which could be recognized in their favor, subject to the court's decision on the appeal filed by Papel Prensa against Judge Malde's injunction of March 8, 2010. As from April 21, 2010, transactions with related parties were resumed under the provisional conditions approved by the Board on April 21, 2010.

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At a meeting held on December 23, 2010, Papel Prensa's Board of Directors approved new conditions that must be fulfilled for the recognition and payment of volume discounts that may be applicable to related parties in connection with purchases of paper made as from April 21, 2010. These new conditions are as follows: (i) the lifting of the provisional suspension of the resolutions adopted by the Board at the meeting of December 23, 2009, as explained in the previous paragraph, and (ii) the resolution or end, by any means, of any state of uncertainty that may eventually exist about the conditions approved by Papel Prensa's Board in the first item of the agenda of the meeting held on April 21, 2010, as a consequence of the claim brought by the National Government in re "National Government – Secretariat of Domestic Trade – v./ Papel Prensa S.A.I.C.F. y de M. on/ Ordinary", File No. 97,564, currently pending before Federal Commercial Court of First Instance No. 26, Clerk's Office No. 52. Under this proceeding, the National Government seeks to obtain, among other things, a declaratory judgment of nullity of the provisional conditions for the resumption of transactions with related parties in connection with the purchase and sale of paper that was approved by the Board of Papel Prensa in the first item of the agenda of the above mentioned meeting held on April 21, 2010.

Furthermore, at this meeting held on December 23, 2010, Papel Prensa's Board decided to maintain the approved sales policy, but to subject the accrual and enforceability, and, consequently, the recognition and payment to the clients, of the eventual volume discounts that may be applicable to them with respect to paper purchases made between January 1st, 2011 and December 31, 2011, to a final favorable ruling in the claim brought by Papel Prensa against the constitutionality of SCI Resolution No. 1/2010, or to the final nullification of such Resolution No. 1/2010 in any other way or by any other legal means, whichever occurs first. In view of the decisions rendered in this case, the substantive claim, in this aspect, is now subject to the outcome of the claim brought by Papel Prensa against the constitutionality of Law No. 26,736. With respect to related parties, the Board of Directors of Papel Prensa approved the same sales policy and conditions as those approved for the other customers in general.

In a meeting held on December 27, 2011, the Board of Directors of Papel Prensa decided to maintain for 2012 the same sales policy that had been approved for 2011 – under the same terms and conditions mentioned in the previous paragraph – for all of its customers in general (including related parties), which was maintained in subsequent years and, to date, no changes have been introduced.

The commercial policy approved by Papel Prensa was affected by Law 26,736 –effective as from January 5, 2012– which declared that the production, sale and distribution of wood pulp and newsprint were matters of public interest and set forth the regulatory framework to be adopted by the producers, sellers, distributors and buyers of such inputs. Among other things, the Law set limits and established conditions applicable to Papel Prensa for the production, distribution and sale of newsprint (including a formula to determine the price of paper), and created the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint where all producers, sellers, distributors and buyers shall be registered as a mandatory requirement in order to produce, sell, distribute, and/or purchase newsprint and wood pulp as from the enactment of the Law. It also contains a series of temporary clauses, specifically and exclusively addressed to Papel Prensa, whereby Papel Prensa is forced to make investments to meet the total national demand for newsprint – excluding from this requirement the other existing company that operates in the country with installed capacity to produce this input. The Law also provides for the capitalization of the funds eventually contributed by the National Government to finance these investments for the purposes of increasing the equity interest and the political rights of the National Government in Papel Prensa, contravening public order regulations contained in Law 19,550 and disregarding several constitutional rights and guarantees of Papel Prensa and its private shareholders.

On February 10, 2012, AGEA registered with the National Registry of Producers, Distributors and Sellers of Wood Pulp and Newsprint (Record No. 63 in File No. S01:0052528/12), clearly stating that the decision to register shall not be construed as an acknowledgment or conformity with the legitimacy of Law 26,736, Resolution No. 9/2012 issued by the Ministry of Economy and Public Finance and SCI Resolution No. 4/2012 issued in connection with such Law and/or any other issued in the future, since they seriously affect several rights and guarantees of AGEA which are recognized and protected by the Argentine National Constitution.

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IV. On September 12, 2011, the CNV issued Resolution No. 16,647 whereby it rendered irregular and with no effect for administrative purposes the decisions made by Papel Prensa's Board of Directors at the meetings held on July 20, 2011 and August 5, 2011. At those meetings, the Board of Directors had called two shareholders' meetings, to be held on September 27, 2011 and September 15, 2011, respectively. Notwithstanding the fact that Resolution No. 16,647 was appealed by Papel Prensa and is therefore not final, on September 15, 2011, Commercial Court No. 5, Clerk's Office No. 9, issued an injunction with respect to the Board of Directors' decisions to call the two shareholders' meetings. The injunction had been requested by the shareholders Arte Gráfico Editorial Argentino S.A., Compañía Inversora en Medios de Comunicación (CIMECO) S.A., and S.A. La Nación. Given that the issuance of the injunction validated Papel Prensa's decision to call the two shareholders' meetings, both were held as originally scheduled. Nevertheless, and based on the above Resolution No. 16,647, on October 13, 2011 the CNV issued Resolution No. 16,671 rendering irregular and with no effect for administrative purposes all of the decisions made at Papel Prensa's Shareholders' Meetings held on September 15, 2011 and September 27, 2011. Papel Prensa filed an appeal against Resolution No. 16,671, which is, therefore, not final. Also based on Resolution No. 16,647, on November 16, 2011, the CNV issued Resolution No. 16,691 whereby the CNV rendered irregular and with no effect for administrative purposes the decisions made at the Board of Directors' Meeting held on October 3, 2011 and the call for the Board of Directors' meeting on November 17, 2011. Such Resolution is not to be deemed final since Papel Prensa filed an appeal and requested its nullification. In this sense, of particular note is that: (i) at the hearing held before Federal Commercial Court No. 26 of First Instance, Clerk's Office No. 52, the National Government, Papel Prensa, AGEA, Compañía Inversora en Medios de Comunicación (CIMECO) S.A. and S.A. La Nación agreed, among other things, on the composition of the company's corporate bodies, and in particular on the recognition of the authorities appointed by the private shareholders at Papel Prensa's Shareholders' meeting held on September 27, 2011, as well as on the agenda to be addressed at the meeting of Papel Prensa's Board of Directors of October 3, 2011, which had been the subject matter of Resolution No. 16,691; and (ii) at the hearing held in April 2012 before the same Commercial Court the National Government, Papel Prensa, AGEA, Compañía Inversora en Medios de Comunicación (CIMECO) S.A. and S.A. La Nación, with the assistance of the Argentine Securities Commission, agreed to request the court to order a shareholders' meeting with an agenda substantially similar to that of Papel Prensa's Shareholders' Meeting held on September 27, 2011. The request was granted by the intervening judge and the meeting was scheduled for August 29, 2012. The meeting began on that date but, as a consequence of certain disturbances provoked by the representative of the National Government, the private shareholders that were present at the meeting decided to adjourn it for 48 hours without addressing the agenda. After that, and notwithstanding the resolution adopted at the meeting, on August 31, 2012 Judge O'Reilly decided to order that the adjourned meeting would resume on September 25, 2012. However, the meeting was not held because the Judge subsequently held that the appeals filed against other points of her decision resulted in the suspension of every point of the decision she had rendered, including the new date scheduled for the meeting, even though all appellants had consented to that point.

On June 12, 2014, the Court of Appeals decided to postpone rendering a decision on the appeals filed until the court-convened shareholders' meeting that began on August 29, 2012 had been resumed and closed, ordering Judge O'Reilly to decide on the pending issues and to order the shareholders to resume that meeting. On December 4, 2014, the Judge called Papel Prensa, the CNV, and the shareholders of AGEA, the National Government, SA La Nación and CIMECO to a hearing to be held on May 6, 2015, in order to proceed as ordered by the Court of Appeals. In light of the above, the new date to resume that meeting may not be set until Judge O'Reilly has complied with the decision rendered by the Court of Appeals.

On April 29, 2015, the Judge suspended the hearing that was to be held on May 6, 2015 because the National Government failed to answer the notice served by the Judge requesting a statement identifying the officials that would attend the hearing with sufficient powers to reach a settlement pursuant to Decree No. 411/80 (T.R. Decree No. 1,265/87, as amended). The Judge set a new date for the hearing to be held on April 14, 2016, but it was subsequently postponed by the Court for June 9, 2016.

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Subsequently, in March 2016, the Commercial Court of Appeals –Chamber C– summoned Papel Prensa, the CNV, and the shareholders of AGEA, the National Government, SA La Nación and CIMECO to attend a hearing to be held on April 7, 2016, solely for conciliatory purposes and with the aim of finding a comprehensive solution to the conflict. The hearing was held on that date and a new date was set to resume the hearing on June 2, 2016 for the same purposes and effects. It was subsequently postponed until June 3, 2016. At that hearing, held on June 3, 2016, Papel Prensa, the Company and the other shareholders present at the hearing (the National Government, S.A. La Nación and CIMECO) requested that the procedural periods remain suspended in connection with the claims pending before that Court of Appeals, and also requested the court to order a shareholders' meeting of Papel Prensa to be held on September 20, 2016 to address, basically, the issues included under subsections 1, 2 and 3 of Section 234 of Law No. 19,550, as amended, corresponding to fiscal years ended December 31, 2010, 2011, 2012, 2013, 2014 and 2015. On September 5, 2016, the Court of Appeals called for a shareholders' meeting as requested at the hearing held on June 3, 2016, and at the request of Papel Prensa and the National Government –in view of the urgent and impending terms to make the required publications– on September 8, 2016 it postponed the date of the shareholders meeting until October 19, 2016.

On October 19, 2016, the shareholders of Papel Prensa duly held the court-convened Shareholders' Meeting of that company. At that Shareholders' Meeting, the shareholders approved the financial statements of Papel Prensa for the years ended December 31, 2010, 2011, 2012, 2013, 2014 and 2015 and other accounting documentation under subsection 1, Section 234 of Law No. 19,550, as amended, appointed directors, statutory auditors and members of the supervisory committee for the year 2016, approved the capitalization of the capital adjustment for Ps. 123,293,385, issued a decision on the approval and disapproval of the performance of certain directors, statutory auditors and members of the supervisory committee during the full fiscal years under consideration, and unanimously appointed external auditors engaged with issuing an opinion on the financial statements of Papel Prensa as of December 31, 2016 and March 31, 2017. In connection with the decisions made at the Shareholders' Meeting held on October 19, 2016 by the shareholders that are parties to judicial proceedings, the resumption of the court-convened Shareholders' Meeting of Papel Prensa that began on August 29, 2012 has become moot, and the Company understands that the great majority of the issues involving the conflict related to Papel Prensa have become or will become moot.

On February 14, 2017, the hearing provided under Section 360 of the Civil and Commercial Procedure Code in re "Arte Gráfico Editorial Argentino S.A. and other v. Argentine Securities Commission on ordinary" File 34,049/2011 took place. The purpose of that claim was to declare that the silence of the National Government be deemed a consent, given the government's obligation to grant or deny consent under Section 20 of the By-laws with respect to the appointment of an external auditor by the shareholders at the Shareholders' Meeting held on September 27, 2011. Papel Prensa, the shareholders of CIMECO, S.A. La Nación and the Company, the CNV and the National Government agreed that this claim had become moot as a result of the Shareholders' Meeting held on October 19, 2016.

V. On June 6, 2013, the Board of Directors of the CNV issued CNV Resolution No. 17,102, within the framework of the Administrative File No. 1032/10, whereby it required that: (i) certain members of Papel Prensa's Supervisory Committee and statutory auditors be imposed a fine of Ps. 150,000 each; and (ii) Papel Prensa, certain members of its Board of Directors, one member of its Supervisory Committee and the members of its Oversight Board (all of them representatives of Papel Prensa's private shareholders) be imposed a joint and several fine of Ps. 800,000. Papel Prensa and its other current and former officers appealed the fine in due time and form. In the same appeal, they requested an injunction to change the effect of their appeal and suspend the application of the fine. On October 11, 2013, Chamber No. 5 of the Federal Court on Administrative Matters denied this request, which was considered unnecessary in the light of the settlement of the fine by the claimants, as informed below. Notwithstanding the above, on June 19, 2013, the Company asked the CNV to suspend the application of the fine until a decision was rendered by the Court of Appeals with respect to the injunction. The request was denied. On June 28, 2013, the fine was paid under protest in order to prevent its coercive

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enforcement by the CNV; given that, under the new Capital Markets Law No. 26,831, appeals may be admitted without suspension of judgment.

VI. AGEA has not recorded any impact in connection with the foregoing, since its effects shall depend on the final outcome. Such effects are not expected to be material to these Financial Statements.

NOTE 11 - REGULATORY FRAMEWORK**11.1. Audiovisual Communication Services Law.**

The subsidiaries of Grupo Clarín that render audiovisual communication services are holders of licenses that were originally awarded under the regime established by Law No. 22,285. The COMFER was the enforcement authority established by that law. Under Law No. 22,285 audiovisual communication service companies in Argentina required a non-exclusive license from the COMFER in order to operate. Other approvals were also required, including, for some services, authorization by municipal agencies. Broadcasting licenses were granted for an initial period of 15 years, allowing for a one-time extension of 10 years. The extension of the license was subject to the approval of the COMFER, which would determine whether or not the licensee had met the terms and conditions under which the license had been granted. Some of the licenses exploited by the subsidiaries have already been extended for the above-mentioned 10-year term.

On May 24, 2005, Decree No. 527/05 provided for a 10-year-suspension of the terms then effective of broadcasting licenses or their extensions. Calculation of the terms was automatically resumed upon expiration of the suspension term, subject to certain conditions. The Decree required that companies seeking to benefit from the extension submit to the COMFER's approval, within two years from the date of the Decree, programming proposals that would contribute to the preservation of the national culture and the education of the population and a technology investment project to be implemented during the suspension term. COMFER Resolution No. 214/07 regulated the obligations established by Decree No. 527/05 in order to benefit from such suspension. The proposals then submitted were approved and, accordingly, the terms of the licenses originally awarded to the subsidiaries of Grupo Clarín were suspended for ten (10) years.

The Audiovisual Communication Services Law (Law No. 26,522, LSCA, for its Spanish acronym) was passed and enacted on October 10, 2009, subject to strong concerns over its content and enactment procedure. Even though the new Law became effective on October 19, 2009, not all of the implementing regulations provided by the law have been issued. Therefore, Law No. 22,285 still applies with respect to those matters that to date have not been regulated, until all terms and procedures for the regulation of the new law are defined.

The law provided for the replacement of the COMFER with the Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA, for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Executive Branch, and vested the new agency with authority to enforce the law.

Emergency Decree No. 267/15 issued on December 29, 2015, created the National Communications Agency ("ENACOM", for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications. Among other powers, the ENACOM has all the same powers and competences that Law No. 26,522 had vested in AFSCA. See Note 11.3.

11.2. Telecommunication Services.

The regulatory framework of the Argentine telecommunications sector is undergoing a process of change. In December 2014, the Argentine Congress passed Law No. 27,078, known as the "Digital Argentina Act", which partially repealed National Telecommunications Law No. 19,798. The new law subjects the effectiveness of

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Decree No. 764/00, which deregulated the telecommunications market, to the enactment of four new sets of rules that will govern the License, Interconnection, Universal Service and Radio-electric Spectrum regimes.

The new law maintains the single country-wide license scheme and the individual registration of the services to be rendered, but replaces the name telecommunication services with Information and Communications Technology Services ("TIC Services", for their Spanish acronym). Notwithstanding this, the scope of the licenses originally granted to the subsidiary Cablevisión, its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses and their respective registrations of services, remain unaltered.

The license will be called "*Licencia Única Argentina Digital*" and will allow licensees to render any telecommunication services to the public, be they fixed or mobile, wired or wireless, national or international, with or without the licensee's own infrastructure.

The TIC Services registered with the Argentine Secretariat of Communications under the name of Cablevisión, its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses are the following: Data Transmission, Paging, Videoconference, Community Retransmission, Transport of Broadcast Signals, Value-Added, Radio-Electric Trunking, Internet Access, Public Telephony, Local Telephony and National and International Long-Distance Telephony.

The law created a new enforcement and oversight Authority as a decentralized agency under the jurisdiction of the Executive Branch, the Information and Communications Technology Federal Enforcement Authority ("AFTIC", for its Spanish acronym).

The new law maintained the obligation to contribute 1% of telecommunication service revenues, net of taxes and charges, to be used for Universal Service investments (this obligation had been imposed by Decree No. 764/00 on all service providers as from January 1, 2001), but the Universal Service Trust Fund was placed under State control. Until August 2015, the manager of such trust fund was Banco Itaú Argentina S.A., which received the joinder requests filed by Cablevisión and its merged companies and/or subsidiaries and related companies that exploit telecommunication licenses to join the Trust Agreement.

The Argentine Secretariat of Communications has yet to decide on the approval of the Projects submitted by Cablevisión and its subsidiaries that exploit telecommunication services, within the framework of SECOM Resolution No. 9/2011 which created the program "Infrastructure and Equipment", whereby telecommunication service providers were allowed to submit projects aimed at developing new infrastructure, updating existing infrastructure and/or acquiring equipment for areas without coverage or with unmet needs, in order to meet the obligation to make contributions to the Universal Service Trust Fund for the amounts accrued as from January 2001 until the entry into force of Decree No. 558/08.

Another innovation of Law No. 27,078 was the creation of a new public service under the name "Public and Strategic Infrastructure Access and Use Service for and among Providers". The right of access included "providers having to make available to other providers their network elements, associated facilities or services to render TIC services, even when such elements are used to render audiovisual content services." Under this scheme, the government seeks to make private companies that were created and developed in competition share their networks with other companies that had not made any investments.

The foregoing applied to any provider that had its own infrastructure or networks, because the term "Associated facilities" is defined as physical infrastructures, systems, devices, associated services or other facilities or elements associated with a telecommunications network or with TIC Services that enable or support the provision of services using that network or service, or that have the potential to do so; and will include, inter alia, buildings or building entrances, building wiring, antennas, towers and other supporting constructions, ducts, masts, manholes, and cabinets (See Note 11.3.).

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As of the date of these financial statements, Law No. 27,078 has been only partially regulated.

11.3. Emergency Decree No. 267/15. Convergence.

Emergency Decree No. 267/15 (the "Emergency Decree"), issued on December 29, 2015 and published in the Official Gazette on January 4, 2016, creates the ENACOM as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications and vests the new agency with authority to enforce Laws Nos. 26,522 and 27,078, as amended and regulated. The ENACOM has all the same powers and competences that had been vested in AFSCA and AFTIC by Laws Nos. 26,522 and 27,078, respectively.

Among the main amendments introduced by the Emergency Decree with respect to both laws, the most remarkable is the repeal of Section 161 of Law No. 26,522, which set forth the obligation to conform to the provisions of this law with respect to ownership conditions and the number of licenses. Section 45 of Law No. 26,522, which establishes the multiple license regime, has been significantly amended. As a result, the Company and its subsidiaries that are licensees and/or owners of audiovisual communication services already conform to the new regulatory framework.

Under the new regulatory framework, the licenses for physical link subscription television services and for radio-electric link subscription television services held by certain subsidiaries that had been granted under Laws No. 22,285 and No. 26,522 are now called "Registrations" for the exploitation of physical link subscription television services and radio-electric link subscription television services of a *Licencia Única Argentina Digital*.

Pursuant to this amendment (Section 7 of the Emergency Decree, which amends, among others, Section 10 of Law No. 27,078), all the services exploited by Cablevisión and its subsidiaries are now governed by the Digital Argentina Act. The only license still exploited by Cablevisión that could be considered to be still subject to the LSCA is the registered title of the signal METRO, since this signal is broadcast through other services that acquire it for that purpose, and, therefore, it has a registration number issued by AFSCA (now ENACOM) that must be renewed on an annual basis.

As far as the Company's subsidiaries are concerned, the Emergency Decree eliminates:

1. The incompatibility to render in the same location broadcast television services and subscription television services. When subscription television services are exploited through physical or radio-electric link, they will be subject to the Digital Argentina Act pursuant to Section 7 of the Emergency Decree, which amends, among others, Section 10 of Law No. 27,078;
2. The limit of 10 licenses for radio-electric link subscription television services and 24 licenses for physical link subscription television services, which are considered to be TIC services as from January 4, 2016, date on which the Emergency Decree became effective; and the limit that provided that broadcast television services may not reach more than 35% of the total national population and the limit that provided that physical link and radio-electric link subscription television services may not reach more than 35% of all subscribers.

As far as Cablevisión is concerned, the Emergency Decree repeals Section 15 of Law No. 27,078, which created a new public service under the name "Public and Strategic Infrastructure Access and Use Service for and among Providers". The right of access included "providers having to make available to other providers their network elements, associated facilities or services to render TIC services, even when such elements were used to render audiovisual content services."

Due to the fact that physical link and radio-electric link subscription television services are now subject to the Digital Argentina Act:

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- i) These services no longer fall within the scope of Section 45 of the LSCA, which sets forth the new multiple license regime for Audiovisual Communication Services;
- ii) The registration of physical link subscription television services is no longer limited to a specific territorial area. The same is not the case with radio-electric link subscription television services because of the portion of the spectrum allocated to render these services;
- iii) Both registrations, for physical link subscription television services and for radio-electric link subscription television services, are no longer subject to expiration terms. However, the portions of the spectrum allocated to render radio-electric link subscription television services do have expiration terms. The duration of such services shall be the longest of the term provided under their original title, or 10 years as from January 1, 2016.

Notwithstanding point iii) above, ENACOM Resolution No. 427/2016 provides that cable television service licensees that hold only one license to provide a certain type of service and have requested an extension of its term but have not obtained an express decision in this respect must ratify their requests. Accordingly, some of the subsidiaries of Cablevisión have made filings to such end.

However, it should be noted that pursuant to Section 21 of the Emergency Decree and until the enactment of a law that shall unify the fee regime provided under Laws Nos. 26,522 and 27,078, the physical link and radio-electric link subscription television services exploited by certain subsidiaries of the Company will continue to be subject only to the fee regime provided under Law No. 26,522. They shall not be subject to the investment contribution or the payment of the Control, Oversight and Verification Fee provided under Sections 22 and 49 of Law No. 27,078.

With regard to the term of the licenses for television and radio broadcast services, the Emergency Decree establishes two important changes:

- It provides for a new system of extensions for audiovisual communication service licenses whereby the licensee may request a first extension for five (5) years, which will be automatic. Upon expiration of this term, licensees may request subsequent extensions of ten (10) years complying in that case with the provisions of the Law and applicable regulations to be eligible for each extension. However, this system of subsequent extensions may be interrupted upon the expiration of the last extension if the Ministry of Communications decides to call for a public bid for new licensees, for reasons of public interest, for the introduction of new technologies or in compliance with international agreements. In this case, prior licensees shall have no acquired rights regarding their licenses.
- Section 20 of the Emergency Decree provides that the holders of licenses effective as of January 1, 2016 may request a ten (10) year extension, without it being necessary to wait until the expiration of the license that is currently effective. Such extension shall be considered as a first period that entitles the holder to the five (5) year automatic extension.

Taking into consideration the advantages provided under the new legal framework with regard to the terms of the licenses, the direct and indirect subsidiaries of the Company that exploit audiovisual communication services, i.e. ARTEAR, RADIO MITRE, TELECOR S.A.C.I., Teledifusora Bahiense S.A. and Bariloche TV S.A., made a filing with the ENACOM requesting the extension of the terms of their licenses pursuant to Section 20 of the Emergency Decree.

Cablevisión has completed the procedure established under ENACOM Resolution No. 427/16 in order to report, using the online application provided by the ENACOM to such end, the territorial location of its services, indicating the original coverage area, the supplementary territorial units and/or area extensions in which it currently renders services.

In addition, and pursuant to ENACOM Resolution No. 1,394/16, which approves the General Rules for Physical Link Subscription Television Services and/or Radio-Electric Link Subscription Television Services, in those

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cases in which Cablevisión and/or any of its Subsidiaries purchased bidding forms to apply for a new license when the term had expired or to apply for an area extension, the applicants amended their filings and converted them into a request for authorization of coverage area.

The new General Rules also order providers of both types of services to guarantee their compliance with a programming grid in each Coverage Area. In this respect, the subsidiary of the Company states that it already complies with all the obligations derived from this Resolution.

Pursuant to the Emergency Decree, the providers of the Basic Telephone Service whose licenses were granted under the terms of Decree No. 62/90 and paragraphs 1 and 2 of Section 5 of Decree No. 264/98, as well as Mobile Telephone Service providers with a license granted pursuant to the list of bidding conditions approved by Resolution No. 575/93 of the then Ministry of Economy and Public Works and Services and ratified by Decree No. 1,461/93, shall only be able to provide subscription broadcasting services by means of physical or radio-electric link after a term of two years counted as from January 1, 2016. That term may be extended for one more year.

The Emergency Decree was approved on April 6, 2016 by the Lower House of Congress. Therefore, it has full force and effect.

Finally, in order to enhance the convergence of networks and services under conditions of competition, promote the deployment of next generation networks and the penetration of broadband Internet access services across the national territory, the Executive Branch issued Decree No. 1,340/16 on December 30, 2016. Among other things, the Decree:

- Provides for the protection for fifteen years of last mile fixed NGN for broadband Internet services that may be deployed by the licensees of TIC services with respect to the rules for open access to broadband services.
- Orders the issuance of regulations for the following purposes:
 - To call for a Public Bid for the allocation of new frequency bands for mobile services.
 - To ensure the re-allocation of radio-electric spectrum frequencies with economic compensation and shared use to frequencies previously allocated to other services, and to allocate such frequencies to providers of TIC Services that request to reuse them to render mobile services or fixed wireless services with LTE or higher technologies.
 - To allocate radio electric spectrum frequencies on demand, imposing compensation, deployment and coverage obligations on the current local or regional providers of TIC services and on the current providers of mobile communication services.
- Sets forth that the persons restricted under Decree No. 267/15 from rendering physical or radio-electric link subscription television services may request the corresponding registration and begin to provide those services in certain areas as from January 1st, 2018.
- Recognizes that the holders of satellite link subscription television service licenses that as of December 29, 2015 rendered TIC services may maintain the ownership of both services.
- Orders the Ministry of Communications to guarantee the interconnection principles provided under the applicable legislation in order to ensure the impartiality, non-discrimination and fair competition among providers of mobile services, restricting the possibility of delaying or hindering the technical, interconnection, operational or any other conditions that may create barriers for other providers to enter the market.

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11.4. Matters related to the regulatory situation of the Company and certain subsidiaries.

11.4.1. Proposal to conform to the provisions of Law No. 26,522.

Pursuant to Resolution No. 17/ENACOM/2016 issued on February 01, 2016, the new enforcement authority recognized that all the files and/or administrative proceedings pending resolution containing requests made under the regime approved by Section 161 of Law No. 26,522, and its regulations, including the proposal submitted by the Company and its subsidiaries, comply with the limits relating to multiplicity of licenses established by Section 45 of Law No. 26,522, as amended by Emergency Decree No. 267/2015. Therefore, they shall be deemed concluded and filed. In addition, in the same administrative act, that agency also repealed Resolution No. 1,121/AFSCA/2014, which had ordered the ex-officio divestiture procedure.

11.4.2. Other Resolutions issued by AFSCA.

We refer to Resolution No. 1,329/AFSCA/2014, which amends Resolution No. 1,047/AFSCA/2014, whereby the AFSCA approved the National Standard for Terrestrial and Broadcast Digital Television Audiovisual Communication Services, and to Decree No. 2,456/2014, which approves the National Digital Audiovisual Communication Services Plan. Both the Resolution and the Decree are manifestly contrary to Law No. 26,522, which has higher hierarchy, because they contradict the rights of the current licensees of broadcast television services, including ARTEAR and the subsidiaries that exploit broadcast television services.

This regulatory framework was subsequently supplemented by three resolutions. Through Resolution No. 24/AFSCA/2015, AFSCA approved the Technical Plan for Terrestrial Digital Television Frequencies for important areas of the national territory. Through Resolution No. 35/AFSCA/2015, AFSCA allocated a digital television station on a permanent basis to the current licensees of analog broadcast stations, among which are ARTEAR and its subsidiary TELECOR S.A.C.I. in order to develop their transition to digital technology. Finally, through Resolution No. 39/AFSCA/2015, AFSCA called for public bids for the award of digital television licenses according to the illegitimate categories created by the regulations of the LSCA. Through this regulatory framework, the rights of the current broadcast television licensees are infringed. These rights should be preserved intact as provided under Law No. 26,522, which has higher hierarchy. The main effect of these regulations, among their technical effects, is that the current broadcast television licensees that obtained their licenses pursuant to Law No. 22,285 will have to bear additional charges and obligations including, among other things, multiplexing and broadcasting under their own responsibility other broadcast television stations.

Since the changes introduced under this regulatory framework have an impact on the responsibilities and rights of the companies involved, ARTEAR and TELECOR S.A.C.I. filed a claim before AFSCA requesting the revocation of Resolutions No. 1,329/AFSCA/2014, 24/AFSCA/2015, 35/AFSCA/2015 and 39/AFSCA/2015 to preserve their rights intact as direct or indirect broadcast television service licensees. They also filed a claim before the National Executive Branch requesting the repeal of Decree No. 2,456/2014. As of the date of these financial statements, the claim filed before AFSCA was dismissed. Therefore, ARTEAR challenged before the courts that agency's decision to dismiss the claim. The claim filed before the National Executive Branch is still pending resolution.

11.4.3. Fibertel License.

The Ministry of Communications, as the highest government agency, replacing the MINPLAN with respect to this specific competence, issued Resolution No. 5/2016, which was notified on February 29, 2016, whereby it revoked SECOM Resolution No. 100/2010 for legitimacy reasons. This Resolution, which had been issued by the former Secretariat of Communications, had revoked the exclusive telecommunication service license held by Fibertel S.A., which was merged into Cablevisión S.A.

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The ENACOM issued Resolution No. 1,359/16, whereby it authorized the transfer of ownership of the Exclusive Telecommunication Service License that had been granted to Fibertel S.A., which was merged into Cablevisión S.A. effective as of April 1, 2003.

11.4.4. NEXTEL.

11.4.4.1. Regulatory Approval of the Acquisition of NEXTEL

On September 24, 2015, the Official Gazette published AFTIC Resolution No. 326/15, whereby that agency ordered Nextel to render without effect within a term of 30 days, the sale of a non-majority portion of its shares because it allegedly contravened effective legislation and could be sanctioned with the revocation of its license pursuant to the Communications and Information Technology Law.

On October 9, 2015, Grupo Clarín S.A. and Cablevisión filed the corresponding appeals against Resolution No. 326/2015, arguing that they had standing based on their acquisition of 49% of the licensee and stating that the change of control alleged by AFTIC had not occurred.

NEXTEL requested the suspension of the effects of Resolution No. 326/2015 and also filed an appeal against that administrative act.

On January 29, 2016, the Company and Nextel appeared before the ENACOM pursuant to Section 8 of Decree No. 267/15, which amends Section 13 of Law No. 27,078 in order to request authorization for the transfer of control, in full compliance with the new legal framework.

On February 22, 2016, the ENACOM issued Resolution No. 133/2016, whereby it partially admitted the appeals that had been filed against AFTIC Resolution No. 326/2015, in order to consider the Company's request for approval of the transfer of control.

On March 7, 2016, the ENACOM issued Resolution No. 280/2016, whereby it authorized the change of control of NEXTEL COMMUNICATIONS ARGENTINA S.R.L. in favor of Cablevisión S.A.

This transaction is subject to the corresponding administrative approval of the CNDC.

11.4.4.2. Status of the frequencies allocated to NEXTEL.

Through Resolution No. 325/2015, AFTIC decided, abruptly and without prior notice of its decision, to dismiss the requests for extensions of certain frequencies allocated to NEXTEL, revoking them in that same act.

On October 9, 2015 Grupo Clarín and Cablevisión filed an appeal against Resolution No. 325/2015 grounding their legitimate interest on their acquisition of 49% of the licensee.

NEXTEL first requested the suspension of the effects of Resolution No. 325/2015 and then filed an appeal against that administrative act.

The ENACOM issued Resolution No. 134/2016, whereby it decided to grant partially the appeal filed by NEXTEL COMMUNICATIONS ARGENTINA S.R.L. against AFTIC Resolution No. 325/2015. Even though this Resolution did not entail the automatic extension of the frequencies involved, the ENACOM ordered the corresponding areas to analyze each file to verify compliance with the requirements of the effective regulatory framework to be eligible for obtaining the requested extensions.

The ENACOM issued Resolution No. 281/16, whereby it authorized the extensions for a term of 10 years counted as from the original expiration of the authorizations for the use of the frequencies that had been dismissed and revoked through Resolution No. 325/2015.

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11.4.4.3. Other requests for authorization filed with the ENACOM

On June 22, 2016, NEXTEL made a filing with the ENACOM in order to request authorization for direct and indirect share transfers that would imply a direct and/or indirect change of control in favor of NEXTEL, pursuant to Section 13 of Law No. 27,078 with respect to the licensees of telecommunication services listed below:

- Fibercomm S.A.
- Trixco S.A.
- Callbi S.A.
- Infotel S.A.
- Skyonline de Argentina S.A.
- Netizen S.A.
- Eritown Corporation Argentina S.A.

Within the required term, on January 6, 2017, the ENACOM issued Resolution No. 111/2017, which under section 1 authorizes the share transfers mentioned above.

The filing made on June 22, 2016 also included a request to change the allocation of a portion of the spectrum that corresponds to the licensees acquired by the Company in order to render 4G services, which was not addressed in ENACOM Resolution No. 111/2017.

Notwithstanding the foregoing, taking into consideration the new regulations provided under Decree No. 1,340/16 and Resolution No. 171/2017 issued by the Ministry of Communications, NEXTEL reformulated the original request in accordance with the new effective regulations, thus initiating a new administrative file. In this last filing, the Company finally requested:

- The beginning of a Refarming process with Economic Compensation as provided under Resolution No. 171/2017.
- The authorization of the agreements executed by NEXTEL with the licensees acquired by Cablevisión to operate the services registered by NEXTEL with the portion of the spectrum allocated to those licensees to render their respective services;
- The approval of the registration requested by NEXTEL of the Advanced Mobile Telecommunications Service; and,
- The authorization of the change that allows for:
 - Changing the allocation and channeling on a primary basis of the 905-915 MHz and 950-960 MHz bands to render advanced mobile communication services at national level with primary status; and,
 - Extending the allocation of the frequency bands and changing the and channeling from 2500 MHz to 2690 MHz to render advanced mobile communication services at national level with primary status.

By means of Resolution ENACOM No. 1033/2017, the ENACOM provided for the use of the frequency bands between 905 and 915 MHz and between 950 and 960 MHz for the rendering of the ADVANCED MOBILE COMMUNICATIONS SERVICE ("SCMA"), and by means of Resolution ENACOM No. 1034/2017, the ENACOM provided for the use of the frequency band between 2500 and 2690 MHz for the provision of SCMA, in addition to the current services when their coexistence is possible.

On March 6, 2017, Nextel was served with Resolution ENACOM No. 1,299 /2017, which was published in the Official Gazette on March 7, 2017 and approves the project for Refarming with Economic Compensation, filed

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by that company to provide Advanced Mobile Communication Services in the frequencies that had been subject to changes in allocation pursuant to ENACOM Resolutions No. 1,033 and 1,034/2017.

In addition, the ENACOM decided to register Nextel as provider of Advanced Mobile Communication Services in the Registry of Services; and to authorize the use of the above-mentioned frequencies.

In the same resolution and as part of the authorization, that agency imposed additional Coverage Obligations on Nextel.

It also imposed two obligations that must be fulfilled prior to initiating the rendering of Advanced Mobile Communication Services: (i) the return of a portion of the radio-electric spectrum, as proposed by Nextel; and (ii) the creation of a guarantee issued in favor of and satisfactory to ENACOM for an amount equal to the value of the radioelectric spectrum that is subject to return.

The Resolution also orders that Nextel shall post a performance bond to guarantee the obligations and responsibilities undertaken by that company, to be issued in favor and to the satisfaction of the ENACOM, for the amount and under the terms that shall be set forth in the contract to be executed with the ENACOM. That contract shall establish the terms, conditions, goals, obligations and other matters inherent to the rendering of the Advanced Mobile Communication Services authorized by that agency, to which Nextel shall be bound.

11.4.5. Other Matters Related to the Federal Broadcasting Committee (COMFER, for its Spanish acronym), subsequently Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA), now ENACOM (for its Spanish acronym).

CABLEVISION

As from November 1, 2002 and until December 31, 2016, COMFER, then AFSCA, now ENACOM have initiated summary administrative proceedings against Cablevisión and Multicanal (merged into Cablevisión) for infringements of regulations relating to programming content. Accordingly, a provision has been set up in this regard.

ARTEAR.

Certain payment agreements that had been delivered by AFSCA to ARTEAR were deemed to enter into effect as of July 2, 2015. That company was authorized to adhere to the payment plan relating to infringements committed between November 21, 2002 and June 23, 2010, payable in sixty monthly installments starting on August 31, 2015. ARTEAR was also authorized to adhere to the applicable payment plan for infringements committed between June 24, 2010 and June 11, 2014, payable in thirty monthly installments starting on August 31, 2015.

11.4.6. Programming Grid

AFSCA Resolution No. 296/2010, as amended and/or supplemented, provided guidelines for the organization of the programming grids that had to be followed by the owners of subscription television audiovisual services. This resolution regulated section 65, subsections a) and b) of the LSCA and supplemented the provisions of the regulations to the same section of Decree No. 1,225/2010.

In spite of Cablevisión's efforts to organize its programming grids in accordance with the provisions of section 65 of Law No. 26,522, AFSCA initiated multiple summary proceedings in connection with the cable television licenses of which Cablevisión is the lawful successor. AFSCA contended that Cablevisión had failed to comply with the regulations set forth by AFSCA Resolution No. 296/2010. Cablevisión submitted the responses set forth under section 1, Exhibit II of AFSCA Resolution No. 224/2010 in connection with such accusations. A

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decision has been rendered on some of the summary proceedings and, as a result, a fine was imposed on Cablevisión, while other proceedings are pending resolution. Cablevisión has appealed these decisions. Some of the appeals filed by Cablevisión have been decided against it and were appealed.

Insofar as Cablevisión is concerned, as of the date of these financial statements, an injunction issued in re “CABLEVISIÓN S.A. v. NATIONAL GOVERNMENT AND OTHERS ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS” by the Federal Court of Appeals of the City of Mar del Plata, whereby that Court revoked the decision rendered in the First Instance, remains in full force and effect. The decision rendered in the First Instance had ordered the dismissal of Cablevisión’s request. The Court of Appeals ordered AFSCA to suspend – until a final decision was rendered on the matter – the application of the penalties derived from the alleged non-compliance with section 65 of Law No. 26,522 and Decree No. 1.225/2010. Therefore, it also suspended the application of section 6 of AFSCA Resolution No. 296/2010 on the grounds that Cablevisión’s alleged serious non-compliance was not contemplated in the Law or in the Decree. The National Government filed an appeal with the Supreme Court against this decision. Such appeal was dismissed. Consequently, AFSCA filed a direct appeal with the Supreme Court, which is still pending resolution.

In re “AFSCA v. CABLEVISION SA Decree 1,225/10 – RES. 296/10 on/ Proceeding leading to a declaratory judgment” currently pending before the Federal Court of First Instance on Administrative Matters No. 9, on May 16, 2012 the Court granted an injunction that had been requested by AFSCA, ordering Cablevisión and/or the pay television audiovisual services it exploits, to conform to Section 65, paragraph 3 b of Decree No. 1,225/2010 and Sections 1, 2, 3, 4 and 5 of AFSCA Resolution No. 296/2010, until a final judgment is rendered on the merits of the case. Cablevisión has appealed such injunction.

On August 6, 2012, Cablevisión was served notice of a decision rendered by the Federal Court of First Instance on Administrative Matters No. 9 of the City of Buenos Aires, whereby that court imposed a fine on Cablevisión of Ps. 20,000 per day for each day of delay in complying with the injunction that ordered Cablevisión to comply with Section 65 of Decree No. 1,225/2010 and AFSCA Resolution No. 296/2010. Cablevisión filed an appeal against that decision in due time and form. However, the Court of Appeals ignored the strong grounds asserted by Cablevisión; partially confirmed the decision rendered in the first instance; and reduced the fine to Ps. 2,000 per day for each day of delay, to be calculated as from the date the decision is deemed final. An appeal was filed with the Supreme Court of Argentina, which was dismissed by the intervening Chamber. Cablevisión filed an appeal against such decision, which was dismissed by the Supreme Court of Argentina.

On October 21, 2013 Cablevisión was served with new charges brought for alleged noncompliance with AFSCA Resolution No. 296/2010, clearly violating the preliminary injunction mentioned above. Accordingly, Cablevisión filed an appeal, but no decision has been rendered on the matter as of the date of these financial statements.

On December 23, 2013, Cablevisión informed AFSCA of its new programming grid in digital and analogical systems, expressly maintaining the reserves brought to continue challenging the legality and constitutionality of section 65 of Decree No. 1,225/2010 and AFSCA Resolution No. 296/2010, as amended.

Section 7 of the Emergency Decree, which amends, among other things, Section 10 of Law No. 27,078 sets forth that all the physical link and radio electric link subscription television services shall be governed by the Digital Argentina Act. Therefore, Cablevisión is no longer subject to Section 65 and its implementing regulations.

The new General Rules approved by ENACOM Resolution No. 1,394/16 order providers of both types of services (physical and radio-electric link) to guarantee their compliance with a programming grid in each Coverage Area. Cablevisión states that it complies with all the obligations set out under that Resolution.

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11.4.7. Audiovisual Communications Law of the Republic of Uruguay.

Law No. 19,307 was published in the Official Gazette of the Republic of Uruguay on January 14, 2015. This Law governs radio, television, and other audiovisual communication services (hereinafter, the “Audiovisual Communications Law”). Section 202 of this law provides that the Executive Branch shall issue the implementing regulations for this law within a 120-day term as from the day following the publication of this law in the Official Gazette. As of the date of the financial statements, only Decree No. 45/015 has been issued, but the implementing regulations for most of the sections of this law are still pending. Such Decree provides that the concession for the use and allocation of the radio-electric spectrum for non-satellite audiovisual communication services shall be granted for a term of 15 years.

Section 54 of the Audiovisual Communications Law provides that an individual or legal entity cannot be allocated the full or partial ownership of more than 6 authorizations or licenses to render television services to subscribers throughout the national territory of Uruguay. Such limit is reduced to 3 if one of the authorizations or licenses includes the department of Montevideo. Section 189 of this law provides that in the cases where such limits were exceeded as of the entry into force of the Law, the owners of those audiovisual communication services shall transfer the necessary authorizations or licenses so as not to exceed the limits mentioned above within a term of 4 years as from the date of entry into force of the Audiovisual Communications Law.

Adesol S.A. is analyzing the possible impact on its business that could be derived from the change in the regulatory framework and the eventual legal actions it may bring to safeguard its rights and those of its shareholders. That company is also monitoring the different unconstitutionality claims filed by other companies against certain sections of the above-mentioned law to consider whether the decisions to be rendered by the Supreme Court in those proceedings may be favorable to the position of Adesol S.A. in the future. On April 7, 2016, 28 unconstitutionality claims were brought against the above mentioned law. To date, the Supreme Court has issued 28 decisions, whereby it declared the unconstitutionality of Sections 39 subsection 3, 55, 56 subsection 1, 60 point C, 98 subsection 2, 117 subsection 2, 143 and 149 subsection 2 of Law No. 19,307. It is noteworthy that some of the decisions rendered in this respect by the Supreme Court dismissed the unconstitutionality claim filed by the claimant with respect to Section 54 of that Law.

NOTE 12 - CAPITAL STOCK STRUCTURE

Upon the Company’s public offering during 2007, the capital stock amounted to Ps. 287,418,584, represented by:

- 75,980,304 Class A common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 5 votes per share.
- 186,281,411 Class B book-entry common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.
- 25,156,869 Class C common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

On October 5 and 11, 2007, the CNV and BCBA, respectively, granted authorization for the Company’s admission to the initial public offering of its capital stock. Said authorizations contemplated (i) the public offering of its Class B book-entry common shares, (ii) the listing of its Class B book-entry common shares, and (iii) the listing of its registered non-endorsable Class C common shares, trading of which was suspended due to restrictions on transfers set forth by the Bylaws. Also in the last quarter of 2007, the Company was granted authorization for the listing of its GDSs in the LSE. Each GDS represents two of the Company’s Class B common shares.

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NOTE 13 - LONG-TERM SAVINGS PLAN FOR EMPLOYEES

During the last quarter of 2007, the Company, together with its subsidiaries, began to implement a long-term savings plan for certain executives (directors and managers comprising the “executive payroll”), which became effective in January 2008. Executives who adhere to such plan undertake to contribute regularly a portion of their salary (variable within a certain range, at the employee’s option) to a fund that will allow them to strengthen their savings capacity. Each company of the Group where those executives render services will match the sum contributed by such executives. This matching contribution will be added to the fund raised by the employees. Under certain conditions, the employees may access such funds upon termination of their participation in the long-term savings plan.

Said plan provides for certain special conditions for those managers who were in the “executive payroll” before January 1st, 2007. Such conditions consist of supplementary contributions made by each company to the plan related to the executive’s years of service with the Group. As of December 31, 2016, such supplementary contributions made by the Company on a parent company only basis amount to approximately Ps. 14 million, and the charge to income is deferred until the retirement of each executive.

During 2013, and in view of the current environment, certain changes were made to the savings system, though maintaining in its essence the operation mechanism and the main characteristics with regard to the obligations undertaken by the company.

Pursuant to IAS No. 19, the above-mentioned savings plan qualifies as a Defined Contribution Plan, which means that the companies’ contributions shall be charged to income on a monthly basis as from the date the plan becomes effective.

NOTE 14 – FINANCIAL INSTRUMENTS

14.1 – Financial Risks Management

Grupo Clarín is a party to transactions involving financial instruments, which entail exposure to market, currency and interest rate risks. The management of these risks is based on the particular analysis of each situation, taking into account its own estimates and those made by third parties of the evolution of the respective factors.

14.1.1 Capital Risk Management

Grupo Clarín manages its capital structure seeking to ensure its ability to continue as an ongoing concern, while maximizing the return to its shareholders through the optimization of debt and equity balances.

As part of this process, Grupo Clarín monitors its capital structure through the debt-to-equity ratio, which is equal to the quotient of its net debt (Debt less Cash and Cash Equivalents) divided by shareholders’ equity.

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The debt-to-equity ratio for the years ended December 31, 2016 and 2015 is as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Loans (i)	371,288,260	287,999,976
Less: Cash and Cash Equivalents		
Cash and Banks	(34,438,063)	(12,193,114)
Other Current Investments	<u>(84,222,441)</u>	<u>(19,848,419)</u>
Net Debt	252,627,756	255,958,443
Equity	<u>9,626,387,056</u>	<u>7,232,950,673</u>
Debt-to-Equity Ratio	0.03	0.04

(i) Long-term and short-term loans, including derivatives and financial guarantee agreements.

Since Grupo Clarín is a holding company, the measurement of this ratio on the Company's parent company only balances is not relevant.

14.1.2 Categories of Financial Instruments

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Financial Assets		
Loans and Receivables ^{(1) (2)}		
Cash and Banks	34,438,063	12,193,114
Other Receivables	153,694,072	153,785,760
At fair value with an impact on net income		
Current Investments	<u>84,222,441</u>	<u>19,848,419</u>
Total Financial Assets	<u>272,354,576</u>	<u>185,827,293</u>
Financial Liabilities		
At amortized cost		
Debt ⁽³⁾	371,288,260	287,999,976
Accounts Payable and Other Liabilities ⁽⁴⁾	<u>39,264,409</u>	<u>59,586,800</u>
Total Financial Liabilities	<u>410,552,669</u>	<u>347,586,776</u>

⁽¹⁾ Net of the allowance for doubtful accounts of Ps. 33.9 million and Ps. 33.8 million, as of December 31, 2016 and 2015, respectively.

⁽²⁾ Includes receivables with related parties of Ps. 150.4 million and Ps. 150.9 million, as of December 31, 2016 and 2015, respectively.

⁽³⁾ Includes debts with related parties of Ps. 368 million and Ps. 288 million, respectively, as of December 31, 2016 and 2015.

⁽⁴⁾ Includes debts with related parties of Ps. 3.9 million and Ps. 2.2 million, respectively, as of December 31, 2016 and 2015.

14.1.3 Objectives of Financial Risk Management

Grupo Clarín monitors and manages the financial risks related to its operations; these risks include market risk (including exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Grupo Clarín does not enter into financial instruments for speculative purposes as common practice. As of December 31, 2016 and 2015, the Company was not a party to agreements involving derivatives.

14.1.4 Exchange Risk Management

Grupo Clarín enters into foreign currency transactions; therefore, it is exposed to fluctuations of exchange rates.

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The Company does not currently enter into foreign exchange hedging transactions to manage foreign currency fluctuation risk. In case the Company enters into such transactions, it cannot assure that those operations will protect its financial position from the eventual negative effect of exchange rate fluctuations.

The following table shows the monetary assets and liabilities denominated in foreign currency (US dollars) at the closing of the years ended December 31, 2016 and 2015:

	USD December 31, 2016	USD December 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and Banks	79,049	101,142
Other Investments	1,575,904	1,533,881
Other Receivables	1,090	1,090
Total Current Assets	1,656,043	1,636,113
Total assets	1,656,043	1,636,113
LIABILITIES		
CURRENT LIABILITIES		
Debt	-	22,065,151
Total Current Liabilities	-	22,065,151
NON-CURRENT LIABILITIES		
Debt	23,147,452	-
Total Non-Current Liabilities	23,147,452	-
Total Liabilities	23,147,452	22,065,151

Bid/offered exchange rates as of December 31, 2016 and 2015 were of Ps. 15.79 and Ps. 15.89; and Ps. 12.94 and Ps. 13.04; respectively.

14.1.4.1 Foreign Exchange Sensitivity Analysis

Grupo Clarín is exposed to exchange risk, mainly with respect to the US dollar.

The following table shows the Company's sensitivity to an increase in the exchange rate of the US dollar. The sensitivity rate represents Management's assessment of the possible reasonable changes in exchange rates. The sensitivity analysis only includes the outstanding monetary items denominated in foreign currency and adjusts its translation at the end of the year with a 20% increase in the exchange rate, assuming that all the remaining variables remain constant.

	<u>Effect in Ps.</u> December 31, 2016	<u>Effect in Ps.</u> December 31, 2015
Net Income	(68,332,818)	(53,311,653)

The sensitivity analysis presented above is hypothetical since the quantified impact is not necessarily an indicator of the actual impact, because exposure levels may vary over time.

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14.1.5. Interest Rate Risk Management

At the closing of the year, the Company does not have any financial liabilities with variable interest rates. However, a substantial increase in interest rates may limit the Company's ability to access financing.

14.1.6. Credit Risk Management

Credit risk is defined as the risk that one of the parties may breach its contractual obligations, generating an eventual financial loss for Grupo Clarín. The Company renders services solely to companies of the same economic group. The credit risk on liquid funds is limited due to the fact that the counterparties are banks with high credit ratings issued by credit rating agencies.

The following table details the maturities of the Company's financial assets as from the closing of the reporting year. The amounts disclosed in the table are the undiscounted contractual cash flows.

	December 31, 2016	December 31, 2015
<u>Payable on Demand</u>	118,660,504	32,041,533
<u>Without any established term</u>	150,102,249	148,670,847
<u>Due</u>		
Up to three months	2,880,412	5,114,913
More than three months and up to six months	711,411	-
	<u>272,354,576</u>	<u>185,827,293</u>

14.1.7. Liquidity Risk Management

The Board of Directors is ultimately responsible for liquidity management. Accordingly, it has established an adequate framework to manage liquidity so that Management can meet short, medium and long-term financing requirements, as well as the Company's liquidity management. The Company manages liquidity risk maintaining an adequate level of reserves, financial facilities and loans, monitoring on an ongoing basis projected cash flows against actual cash flows and reconciling the maturity profiles of financial assets and liabilities.

14.1.8. Interest Rate Risk and Liquidity Risk Table

The following table details the maturities of the Company's financial liabilities as from the closing of the reporting year. The amounts disclosed in this table represent undiscounted cash flows (principal plus contractual interest):

	Debt	Accounts Payable and Other Liabilities	Total as of December 31, 2016
<u>Without any established term</u>	-	5,310,702	5,310,702
<u>Due</u>			
Up to three months	3,475,247	28,979,107	32,454,354
More than three months and up to six	-	4,974,600	4,974,600
More than four years and up to five years	489,097,427	-	489,097,427
	<u>492,572,674</u>	<u>39,264,409</u>	<u>531,837,083</u>

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14.1.9. Financial Instruments at Fair Value

The following table shows Grupo Clarín's financial assets and liabilities measured at fair value at the closing of the reporting year:

	<u>December 31, 2016</u>	<u>Quoted Prices (Level 1)</u>	<u>Other Significant Observable Items (Level 2)</u>
<u>Assets</u>			
Current Investments	84,222,441	59,338,922	24,883,519
	<u>December 31, 2015</u>	<u>Quoted Prices (Level 1)</u>	<u>Other Significant Observable Items (Level 2)</u>
<u>Assets</u>			
Current Investments	19,848,419	-	19,848,419

Financial assets are valued using quoted prices for identical assets and liabilities (Level 1), or the prices of similar instruments arising from sources of information available in the market (Level 2). As of December 31, 2016 and 2015, the Company did not have any asset or liability for which a comparison had not been conducted against observable market data to determine their fair value (Level 3).

1/14/2010. Fair Value of Financial Instruments

The book value of cash and banks, accounts receivable and short-term liabilities is similar to the fair value because these are instruments with short-term maturities.

As of December 31, 2016 and 2015, the Company did not have long-term financial liabilities.

NOTE 15 - COVENANTS, SURETIES AND GUARANTEES PROVIDED

- a. Note 5.12.1 to the consolidated financial statements sets forth certain restrictions to which Cablevisión (by itself and as the surviving company and successor of Multicanal and Prima as a result of the mergers) is subject pursuant to the financial obligations described in such note.
- b. IESA is subject to contractual restrictions on the transfer of its equity interest in TRISA and Tele Net Image Corp.
- c. During the year 2009, AGR purchased a binding machine on credit. To secure the transaction, AGR granted the supplier a pledge over the machine. AGR granted joint and several guarantees for the loans granted by Banco Comafi S.A. and Standard Bank Argentina S.A. to Artes Gráficas del Litoral S.A.
- d. On September 25, 2012, GCGC executed a mortgage agreement on a building of its property securing the payment of the obligations under the loan with Banco de la Ciudad de Buenos Aires mentioned in Note 5.12.3 consolidated financial statements. Grupo Clarín acts as guarantor of said financing.
- e. During 2014, AGR financed the acquisition of machinery and equipment through leasing agreements mentioned in Note 5.12.2 to the consolidated financial statements. Grupo Clarín and AGEA are joint debtors of said financing.
- f. On July 24, 2015, Grupo Clarín became the guarantor of certain financial obligations of AGEA, AGR and Cúspide with Banco Itaú Argentina S.A.

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- g. In April 2016, Grupo Clarín became the guarantor for up to Ps. 65 million to secure certain financial obligations of AGEA with Banco Ciudad de Buenos Aires.
- h. During this year, the Company became the guarantor of a loan granted by Banco Santander Rio S.A. to GCGC. The guarantee will be effective until January 2019.
- i. During this year, the Company became the guarantor of a loan granted by Banco Santander Rio S.A. to Auto Sport. The guarantee will be effective until February 2019.

NOTE 16 – CHANGES IN THE COMPANY'S INTERESTS

- a. During 2007, AGEA increased its interest in CIMECO from 33.3% to 50.0%, and executed call and put options on an additional interest in CIMECO's capital stock. During 2008, AGEA partially assigned the rights and obligations arising from such options to its subsidiary AGR and to the Company. Subsequently, in 2008, AGEA, AGR and the Company exercised such call option, increasing, directly and indirectly, the Company's equity interest in CIMECO and Papel Prensa to 100% and 49%, respectively.

On April 10, 2008, the Company and the parties to the above-mentioned transaction notified CNDC of such transaction and on May 12, 2008 filed form F-1. After such notice and as of the date of these financial statements, the Company submitted additional information requested by the CNDC. As of the date of these financial statements, the above transaction is subject to administrative approvals.

On February 3, 2017, the Company, AGEA and AGR were served with Resolution No. 75 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,417 dated December 22, 2016, whereby it authorized the above-mentioned transaction.

- b. On January 11, 2008, IESA acquired the controlling interest of a group of companies mainly engaged in sports journalism, production and commercialization of shows, and the production of motor racing television broadcasting. The share purchase agreement sets forth certain objectives to be met by such group of companies. In case of breach of such provision, the sellers shall have to pay an indemnification. On February 8, 2017, IESA was served with Resolution No. 59 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,407 dated December 15, 2016, whereby it authorized the above-mentioned transactions.
- c. On September 2, 2008, ARTEAR increased its equity interest in Pol-Ka and SB Producciones S.A. to 55% of such companies' capital stock and votes, thus acquiring a controlling interest in both companies, in which it previously exercised common control. On February 8, 2017, ARTEAR was served with Resolution No. 73 issued by the Secretariat of Trade of the Ministry of Production on January 31, 2017 corresponding to CNDC Opinion No. 1,406 dated December 15, 2016, whereby it authorized the above-mentioned transactions.
- d. On February 10, 2011, CMD sold to a third party all of its shares of Dinero Mail, for approximately USD 4.4 million in cash; part of the price was withheld as guarantee.
- e. On August 17, 2011, CMD executed a stock purchase agreement, whereby it increased by 20% its interest in Interpatagonia S.A. (now Interwa S.A.), where it now holds 80% of the capital stock. CMD paid approximately Ps. 4.3 million in consideration for the shares.

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On November 25, 2014, one of the sellers of Interwa S.A.'s shares, as mentioned in Note 10 to these consolidated financial statements, exercised its put option for 6.66% of the shares of that company for approximately Ps. 1.5 million, payable in six monthly installments as from December 2014.

On January 8, 2015, CMD exercised the call option for an additional 6.66% of the equity interest in Interwa S.A. as mentioned under Note 10 to these consolidated financial statements, for approximately Ps. 1.5 million, payable in five monthly installments as from January 2015.

- f. On September 30, 2015, ARTEAR and AGEA, together with other companies, created a company under the name "RPA Media Place S.A.," engaged in advertising on digital websites, with an equity capital of Ps. 100,000. Each of ARTEAR and AGEA hold a 19% interest in RPA Media Place S.A. As of the date of these financial statements, the incorporation of that company is pending registration with the IGJ.
- g. On August 20, 2015, FEASA together with Publirevistas S.A., created a company under the name "Exponenciar S.A.," engaged in the organization, development and operation of fairs, exhibitions, seminars and conferences, with an equity capital of Ps. 100,000. FEASA holds a 50% interest in Exponenciar S.A. As of the date of these financial statements, the incorporation of that company is pending registration with the IGJ.
- h. On October 8, 2015, CMD entered into a stock purchase agreement, whereby it increased its interest in Electro Punto Net S.A. by 26%. The amount of this transaction is of approximately Ps. 11.8 million. In December 2015, Electro Punto Net S.A. capitalized irrevocable contributions made by CMD for Ps. 8 million, increasing CMD's interest in the capital stock of Electro Punto Net S.A. to 54.3%. In December 2016, Electro Punto Net S.A. capitalized irrevocable contributions made by CMD for Ps. 86 million, increasing CMD's interest in the capital stock of Electro Punto Net S.A. to 65.6%.
- i. On September 10, 2015, the Board of Directors of Cablevisión approved the assignment of the rights and obligations held by Grupo Clarín under an offer it had submitted to NII Mercosur Telecom, S.L.U. and NII Mercosur Móviles, S.L.U. (hereinafter, the "Sellers") for the acquisition of 49% of the capital stock of NEXTEL COMMUNICATIONS ARGENTINA S.R.L. and an option to acquire, together with its subsidiary Televisión Dirigida S.A., subject to certain conditions -among them, the regulatory approvals- 51% of the remaining capital stock. The price of the transaction was USD 165 million (out of this amount, USD 80 million accounts for 49% and USD 85 million accounts for 51%) plus the right to collect an additional amount of up to USD 13 million subject to the fulfillment of certain conditions. The offer submitted by Grupo Clarín was subject to the acceptance of the Sellers. On September 11, 2015, the Sellers accepted the offer submitted by Grupo Clarín and, on the same date, the Sellers accepted the assignment of the rights under such offer in favor of Cablevisión, offering Cablevisión the acquisition of 49% of the capital stock of NEXTEL and the option to acquire the remaining 51%. In order to guarantee the rights and obligations under the offer, the capital stock owned by NII Mercosur Móviles, S.L.U. was pledged (subject to registration with the Public Registry of Commerce). The transaction was executed on September 14, 2015 with the aggregate payment by Cablevisión and its subsidiary of USD 159 million. The companies undertook to create an USD 6 million guarantee fund with the balance to cover any potential liabilities of NEXTEL (this fund was set up on October 7, 2015). In addition, upon the fulfillment of certain conditions precedent, on October 1, 2015, Cablevisión paid to the Sellers the additional amount of USD 12.73 million. On June 3, 2016, the assignment of 49% of the capital stock of NEXTEL in favor of Cablevisión was registered with the IGJ. Under the terms of the offer, NEXTEL would continue to be controlled and operated by the Sellers until the option to acquire the remaining 51% of the capital stock had been exercised.

As of December 31, 2015, the call option was not legally exercisable and uncertainties remained regarding the obtainment of the required regulatory authorization. As of December 31, 2015, Cablevisión did not have control over NEXTEL taking into consideration the elements provided under IFRS 10. Therefore, it

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did not consolidate NEXTEL as of such date. In January 2016, the regulatory framework changed and the regulatory authorization of the transaction was no longer necessary.

In addition, on January 27, 2016, Cablevisión and its subsidiary Televisión Dirigida S.A. decided to exercise the option to acquire the remaining 51% of the capital stock and votes of NEXTEL, and, consequently, Cablevisión became the holder of 51.4% of the capital stock and votes of NEXTEL and Televisión Dirigida S.A. became the holder of the remaining 48.6%. To such effect, on the same date, NEXTEL's management took notice of the release of the pledge that had been set up to guarantee the rights and obligations under the offer. On July 26, 2016, the IGJ registered the assignment of the remaining 51% of the capital stock (see Note 11.4.4.).

On June 30, 2016, the controlled company Televisión Dirigida S.A. performed the transfer of: (i) 392,774,929 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 48.5% of the capital stock and votes of NEXTEL, in favor of Cablevisión; and (ii) 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL, in favor of PEM S.A. As a consequence of the above-mentioned assignments of membership interests, Cablevisión holds a 99.9% interest in the capital stock and votes of NEXTEL, and the remaining 0.1% is held by PEM S.A. Those transactions were registered with the IGJ on November 25, 2016.

On December 28, 2016, PEM S.A. transferred to Cablevisión 1,000,000 membership interests with nominal value of Ps. 1 each and entitled to one vote per membership interest, representing 0.1% of the capital stock and votes of NEXTEL. As a result of the assignment of the membership interests described above, Cablevisión became the holder of 810,236,480 membership interests with nominal value of Ps.1 and entitled to one vote per membership interest, representing 100% of the capital stock and votes of NEXTEL. The Company has filed with the IGJ the registration of the assignment of the membership interests, which, to date, is pending before that agency.

As of December 31, 2015, Cablevisión concluded the process of allocating the acquisition cost of 49% of the capital stock of NEXTEL and calculated a gain from this acquisition of Ps. 316.7 million, taking into consideration that the valuation of its identifiable assets, liabilities and contingent liabilities in proportion to its equity interest exceeds the acquisition cost.

During this year, Cablevisión concluded the process of allocating the acquisition cost of 51% of the capital stock of NEXTEL and calculated a gain from this acquisition of Ps. 114.1 million, taking into consideration that the valuation of its identifiable assets, liabilities and contingent liabilities in proportion to its equity interest exceeds the acquisition cost.

- j. In June 2016, Cablevisión, together with its subsidiary NEXTEL, acquired 100% (97% NEXTEL and 3% Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A. both owners of 100% of the capital stock of Trixco S.A., holder of licenses for the use of the radioelectric spectrum in the 900 Mhz bands. NEXTEL acquired 100% of the capital stock of WX Telecommunications LLC and Greenmax Telecommunications LLC, which are the controlling companies of Skyonline Argentina S.A., Netizen S.A., Infotel S.A. and Callbi S.A., among the most relevant. The latter render wireless telecommunications services and hold licenses for the use of the radioelectric spectrum in the 2.5 Ghz bands. The aggregate price for those transactions was USD 138.2 million, equivalent to Ps. 2,036 million.

During the year, Cablevisión concluded the process of allocating the acquisition cost of 100% (97% to NEXTEL and the remaining 3% to Cablevisión) of the capital stock of Fibercomm S.A. and Gridley Investments S.A., both owners of 100% of the capital stock of Trixco S.A., and calculated goodwill from this acquisition in the amount of Ps. 801.7 million.

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- k. On June 30, 2016, the Company executed an agreement with GC Minor for an assignment of shares, whereby it purchased for Ps. 10,000 the interest that GC Minor had in CLC, which accounted for 0.0005% of the capital stock and votes of that company.
- l. During this year, GC Minor and the Company executed agreements for the purchase and sale of shares of GCGC. In connection with these operations, the Company holds a loan with GC Minor for Ps. 50,000 payable within 180 days as from December 30, 2016.

As of December 31, the Company holds a 97% interest in GCGC.

- m. On June 30, 2016, the Company, as the sole shareholder, formed a new subsidiary, "GCSA Equity, LLC".
- n. During 2016, the Company and CMD executed Agreements relating to Irrevocable Contributions on Account of Future Share Subscriptions whereby the Company made a Ps. 84.8 million contribution to CMD.
- o. On August 8, 2016, a subsidiary of CMD, Electro Punto Net S.A., executed an asset transfer agreement, whereby it acquired from Meroli Hogar S.A. certain assets related to the business of online retail and sale of home appliances and electronic products in the Province of Córdoba. The transaction includes negative covenants to be fulfilled by the shareholders of Meroli Hogar S.A. The aggregate amount of these transactions is of USD 3.5 million, out of which USD 2.75 million is payable on the date of execution of the agreement and the rest is payable on the first anniversary of the execution date.
- p. During 2016, the Company and AGEA executed Agreements relating to Irrevocable Contributions on Account of Future Share Subscriptions whereby the Company made an approximately Ps. 665.7 million contribution to AGEA.
- q. During 2016, the Company and GC Minor executed Agreements relating to Irrevocable Contributions on Account of Future Share Subscriptions whereby the Company made an approximately Ps. 25.3 million contribution to GC Minor.
- r. IESA and ARTEAR agreed to implement a corporate reorganization process whereby ARTEAR, as Absorbing Company, absorbed certain assets, liabilities, rights and obligations that were spun off IESA's equity, among which are the following cable television signals: "El Trece Satelital", "Quiero Música en mi Idioma", "Volver" and "Magazine". Thus, IESA transferred to ARTEAR all the rights and obligations that make up the Spun-off Equity of IESA. ARTEAR will continue with the activities related to IESA's Spun-off Equity, i.e., the exploitation of the above-mentioned cable television signals. The spin-off - merger was executed based on the equity position disclosed in the financial statements of those companies as of June 30, 2016. The spin-off - merger is effective as from October 1, 2016, inclusive, date on which ARTEAR continued with the operations of IESA's Spun-off Equity, thus generating the corresponding operating, accounting and tax effects. On September 20, 2016, the Extraordinary Shareholders' Meetings of both companies approved the Pre-Spin-off - Merger Commitment. In view of the above, both companies made a filing with the ENACOM in order to request the registration of the signals "El Trece Satelital", "Magazine", "Quiero Música en mi idioma" and "Volver" held by ARTEAR. The ENACOM has already issued the corresponding certificates registering ARTEAR as the holder of those cable television signals.
- s. On August 16, 2016, the Board of Directors of Cablevisión approved the Pre-Merger Commitment executed between that Company, Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Primera Red Interactiva de Medios Argentinos (PRIMA) S.A., Cable Video SUR S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A., whereby, on the effective date of the merger -October 1, 2016- ("Effective Date of the Merger"), Cablevisión, as absorbing company, will continue with the operations of Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Primera Red Interactiva de Medios Argentinos (PRIMA) S.A., Cable Video SUR

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S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A. (the "Absorbed Companies"), thus generating the corresponding operating, accounting and tax effects. As a result of the above-mentioned corporate reorganization process, the Absorbed Companies will be dissolved without liquidation and Cablevisión S.A. will assume all the activities, receivables, property and all the rights and obligations of the above-mentioned companies, existing on the Effective Date of the Merger, or any that may exist or arise due to previous or subsequent acts or activities.

At the Extraordinary Shareholders' Meeting of Cablevisión held on September 27, 2016, the shareholders approved, among other issues: (i) the Special Parent Company Only Financial Statement and the Special Balance Sheet for Merger as of June 30, 2016, which were used as a basis for the execution of the Pre-Merger Commitment, and (ii) the Pre-Merger Commitment executed on August 16, 2016 between Cablevisión and the Absorbed Companies.

In view of the above, Cablevisión made a filing with the ENACOM in order to inform that Agency of the corporate reorganization to be implemented, so that it would consequently register under the name of the absorbing company the "Area Authorizations" required to exploit Cable Television Services corresponding to Copetonas Video Cable S.A., Dorrego Televisión S.A., Indio Rico Cable Color S.A., Cable Video Sur S.A., and Tres Arroyos Televisora Color S.A. The license for Wolves Televisión S.A. was abandoned because Cablevisión already has an Area Authorization in the jurisdiction where Wolves Televisión S.A. exploited the Cable Television Service. In addition, PRIMA and Cablevisión made a filing with the ENACOM in order to request that Agency to register the license that had been granted to PRIMA in favor of Cablevisión as a consequence of the corporate reorganization process.

In addition, at the Extraordinary Shareholders' Meeting held on September 27, 2016, the shareholders also unanimously approved: (i) the amendment of Article Three of the Bylaws in order to conform the core business of Cablevisión to the new regulatory framework under Laws Nos. 27,078 and 26,522, and (ii) the amendment of Articles Nine and Ten of the Bylaws in order to eliminate the Executive Committee. Both amendments of the Bylaws were filed with the CNV for its approval.

- t. On December 23, 2016, AGR's shareholders decided to increase its capital stock by approximately Ps. 136.9 million, through the capitalization of irrevocable contributions made by AGEA in AGR for Ps. 81.7 million and the capitalization of the loan held by Grupo Clarín with AGR for approximately Ps. 55.2 million. The registration of such capital increase is pending before the IGJ.
- u. On November 7, 2016, ARTEAR executed a share assignment, sale and transfer agreement for Ps. 8.7 million, whereby ARTEAR acquired 5,225,000 common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share, representing 100% of the capital stock of Producciones YAQ S.A. ARTEAR had paid the full amount under the agreement as of the date of these financial statements.
- v. On October 25, 2016, ARTEAR executed a share assignment, sale and transfer agreement for USD 500,000, whereby it acquired 51,699 common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share, representing 40.0004% of the capital stock of Canal Rural Satelital S.A. ARTEAR had paid the full amount under the agreement as of the date of these financial statements.

NOTE 17 - LAW No. 26,831 CAPITAL MARKETS

On December 28, 2012, Capital Markets Law No. 26,831 (the "Capital Markets Law"), passed on November 29, 2012 and enacted on December 27, 2012, was published in the Official Gazette. The Law provides for a

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comprehensive amendment of the public offering regime, previously governed by Law No. 17,811. Among other things, the new law enhances the National Government's oversight powers and changes the authorization, control and oversight mechanisms of all stages of the public offering process and the role of all the entities and individuals involved. The Law became effective on January 28, 2013.

On July 29, 2013, the National Government issued Decree No. 1023/2013 to regulate partially the Capital Markets Law that had been passed on November 29, 2012. Among other provisions, the Decree regulates Section 20 of said Law, pursuant to which the CNV may appoint an overseer with veto rights over the decisions made by the boards of directors of entities subject to the public offering regime, or otherwise remove the boards from such entities for up to 180 days until all deficiencies found by the CNV are solved. Said Emergency Decree amends the

Law it seeks to regulate and, therefore, constitutes a regulatory abuse. Thus, whereas the Law vests on the CNV the power to appoint an overseer or to remove the board of directors, the Decree allows the CNV to exercise that power if the shareholders and/or noteholders with a two percent (2%) interest in the company's capital stock or outstanding debt securities claim that they have suffered actual and certain damages or if they believe their rights may be seriously jeopardized in the future. The Decree also vests on the CNV the power to appoint the administrators or co-administrators that will hold office as a consequence of the removal of the boards of directors. Thus, the Decree amends the Law by granting the CNV powers that were not provided therein. By doing so, the Executive Branch is assuming strictly legislative functions in breach of constitutional provisions.

On September 5, 2013 within the framework of the Capital Markets Law and its Decree, the CNV issued Resolution No. 622/2013 (the "Rules"), whereby it approved the applicable Rules that repeal the Rules that had been effective until that date (as restated in 2001). The new Rules have introduced several changes in connection with CNV's powers over the companies under that agency's oversight, and also in connection with the information that these companies must disclose.

On August 20, 2013, at the request of Mr. Rubén Mario Szwarc, a minority shareholder of the Company, and by means of public deed number two hundred forty five, the Company was served notice of the decision rendered by Chamber A of the National Court of Appeals on Commercial Matters on August 12, 2013, in re "SZWARC, Rubén Mario v. National Government and Others on Preliminary Injunction" File No. 011419/2013. That Chamber decided, among other things, (i) to declare the unconstitutionality of Sections . 2, 4, 5, 9, 10, 11, 13, 15 and 16 of Law No. 26,854, and (ii) to order the provisional, injunctive suspension of Section 20, subsection a), second part, paragraphs I and II (or 1 and 2) of Law No. 26,831 and of all laws, rules or administrative acts issued or that may be issued pursuant to such legal provisions, with respect to Grupo Clarín S.A., until the judge that is finally declared competent to render a decision on the merits assumes full jurisdiction of the case and renders a final decision relating to the injunction.

NOTE 18 – INFORMATION REQUIRED UNDER CNV RESOLUTION No. 629 – RECORD KEEPING

On August 14, 2014, the Argentine Securities Commission issued General Resolution No. 629, which provides for record keeping regulations.

The Company keeps certain supporting documentation related to the record of its operations and economic-financial events at GCGC located at Patagones 2550, City of Buenos Aires, and at the warehouse located at Ruta 36 Km 31.500, Florencio Varela, of the supplier AdeA - Administración de Archivos S.A., during the periods established by effective laws.

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NOTE 19 – EXTINCTION OF THE NOTES ISSUED BY AGEA

On January 28, 2014, AGEA repaid all of the USD 30.6 million aggregate principal amount outstanding and interest accrued as of such date on the Series C Notes issued by that company under the Global Program.

Pursuant to Article 16, Section V of Chapter I of Title III of the Restated Rules issued by the CNV, which governs the delisting due to non-existence of outstanding securities, upon the extinction of the Series C Notes, AGEA filed the required documentation with the CNV.

On August 5, 2014, the CNV served AGEA with a notice requesting the latter to submit information to prove the extinction of Series A, B and D Notes, issued by that company under the Global Program for the Issuance of Notes. On August 12, 2014, AGEA submitted the information requested by the CNV, providing evidence of the extinction of the notes.

On October 8, 2014, the CNV requested AGEA to make a filing in connection with the delisting. On October 16, 2014, AGEA submitted a Note to the CNV whereby it requested delisting due to the extinction of its notes.

NOTE 20 - THE COMPANY'S CORPORATE REORGANIZATION PROCESS

On September 28, 2016, at the Company's Extraordinary Shareholders Meeting, the shareholders approved the execution of a corporate reorganization process to be implemented in two successive steps: a) first the merger of Southtel Holdings S.A., Vistone S.A., Compañía Latinoamericana de Cable S.A. and CV B Holding S.A. (the "Absorbed Companies"), through which Grupo Clarín held a controlling interest in Cablevisión (the "Merger"), and, b) the subsequent partial spin-off of the Company to create a new company under the name Cablevisión Holding S.A. (the "Spin-off", and together with the Merger, the "Corporate Reorganization").

The purpose of the Corporate Reorganization is to enhance efficiency, synergy and streamlining of the Company's costs, processes and resources and to promote the specialization of the existing asset portfolio of Grupo Clarín and its subsidiaries. This will allow the Company to implement differentiated growth strategies and goals for, on the one hand, the telecommunications segment, and, on the other hand, the media business (print, TV, programming, radio etc.). Thus, each of those segments will be able to focus on its own markets, risks, organizational processes and capital structures.

As a result of the Merger, and since Grupo Clarín is the direct and indirect holder of 100% of the capital stock of the absorbed companies, Grupo Clarín's capital stock will not be increased. Therefore, it is not necessary to establish an exchange ratio. In addition, the absorbed companies will be dissolved early without liquidation and Grupo Clarín will assume, effective as from October 1, 2016 (the "Effective Date of the Merger"), the activities, receivables, property, rights and obligations of the above-mentioned companies, existing on the Effective Date of the Merger, or any that may exist or arise due to previous or subsequent acts or activities.

As part of the equity subject to spin-off, as provided under the Merger and Spin-off Prospectus filed with the CNV and published in the Financial Information Highway, the Company will transfer to Cablevisión Holding S.A. certain equity interests or participations held by Grupo Clarín, including the direct and indirect equity interests of Grupo Clarín in Cablevisión and in GCSA Equity, LLC. Consequently, once the Corporate Reorganization has been executed, Cablevisión Holding S.A. will become owner, directly or indirectly, of 60% of the capital stock and votes of Cablevisión and of 100% of the participations of GCSA Equity, LLC. Grupo Clarín will retain and continue with all the activities, operations, assets and liabilities that are not specifically allocated to Cablevisión Holding S.A.

The effective date of the Spin-off (the "Effective Date of the Spin-off") will be the first day of the month following the date on which the latest of the following registrations is completed: (i) the registration of the Corporate

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with the report dated March 10, 2017

See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

C.P.C.E.C.A.B.A. Vol. 1 Fol. 17

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,733

Reorganization with the IGJ, or (ii) the registration of the incorporation of Cablevisión Holding S.A. with the IGJ. As of the Effective Date of the Spin-off, Cablevisión Holding S.A. will begin its activities on its own account, the accounting effects of the Spin-off will become effective, and the operations, risks and benefits described in the Prospectus published by the Company will be transferred to Cablevisión Holding S.A.

As a result of the Spin-off of Grupo Clarín, its equity will be reduced pro rata and part of the Company's Class A, Class B and Class C shares will be cancelled in exchange for a set of shares of the same class and with substantially the same rights to be distributed by Cablevisión Holding S.A. Grupo Clarín will continue to be subject to the public offering regime in Argentina and Cablevisión Holding S.A. will request authorization to be admitted to the above-mentioned public offering regime in Argentina. The new company may also apply to have its shares listed on and admitted to trading on one or more local or foreign stock exchanges and/or markets.

The Corporate Reorganization detailed in this note is executed in compliance with applicable regulations of the General Associations Law and subject to obtaining the regulatory authorizations and/or intervention (as applicable) from the CNV, Merval, IGJ and Ente Nacional de Comunicaciones (National Communications Agency "ENACOM").

The terms and conditions of the Corporate Reorganization were established by the Directors of the Company, who approved the Special Parent Company Only Financial Statement of Grupo Clarín as of June 30, 2016, the Special Balance Sheet for Merger and Spin-off as of the same date and the Merger -and Spin-off Prospectus at the Board of Directors' Meeting held on August 16, 2016.

As of the date of these financial statements, the registration of the above-mentioned corporate reorganization process is pending before the CNV and the IGJ.

NOTE 21 – SUBSEQUENT EVENTS

- a. The events that took place subsequent to the closing of this year related to the regulatory framework applicable to the Company and its subsidiaries are described in Note 11.1.
- b. Due to the strong reconfiguration of the commercial printing sector, a global phenomenon that also affects Argentina, at the beginning of 2017 AGR had to restructure its activities.

On January 16, 2017, AGR announced that it had ceased to operate its printing facility located in the neighborhood of Pompeya, which was engaged in the mass commercial printing business. At that facility, AGR used to print telephone directories and commercial catalogs, which are products that have been virtually discontinued.

Over the last years, AGR has unsuccessfully attempted to explore new ways of mitigating the effects of the drop in mass commercial printing, and preserve, at least partially, the sustainability of the Pompeya facility. Unfortunately, the huge challenge entailed by this change in the industry (now focused on segmented, personalized and distributed printing) was not supported by the internal commission employee delegates, which systematically rejected all the proposals made by that company.

The decision to close that facility was aimed at preserving the sustainability of the rest of AGR's operations and at preventing the worsening of that company's financial position, in order to face the payment of severance payments to the personnel that used to work at that facility.

Notwithstanding the close-down of the Pompeya facility, AGR intends to continue operating at whatever scale the market may demand and, consequently, the matter was considered in these financial statements based on that premise.

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In the morning of January 16, a group of approximately 40 people, including the members of said internal commission, broke into the Pompeya facility, damaging entrance doors, windows, furniture and security cameras, and violently removed the employees that were inside the facility. Many of them are still at the facility, although the great majority of the employees have already agreed on their redundancy and collected their severance payments for a total amount of approximately Ps. 200 million as of the date of these financial statements.

NOTE 22 - APPROVAL OF PARENT COMPANY ONLY FINANCIAL STATEMENTS

The Board of Directors has approved the parent company only financial statements and authorized their issue for March 10, 2017.

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See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

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(Partner)

ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

ADDITIONAL INFORMATION TO THE NOTES TO THE FINANCIAL STATEMENTS
SECTION No. 12 TITLE IV CHAPTER III OF GENERAL RESOLUTION No. 622/13 OF THE ARGENTINE
SECURITIES COMMISSION
BALANCE SHEET AS OF DECEMBER 31, 2016

1. There are no specific material regulatory regimes currently applicable to the Company that may entail the contingent loss or acquisition of legal benefits.
2. Note 20 to the parent Company Only Financial Statements describes the Company's current merger-spin-off process, whereby the Company merged with certain of its current subsidiaries and will subsequently spin off to a new company its direct and indirect interest in Cablevisión.
3. The classification of receivables and liabilities by maturity is detailed in Note 9 to the parent company only financial statements.
4. The classification of receivables and liabilities according to their related financial effects is detailed in Note 9 to the parent company only financial statements.
5. Equity interest under Section 33 of Law No. 19,550 is detailed in Note 4.3 of the parent company only financial statements. Accounts receivable from and payable to related parties are disclosed under Note 8 to the parent company only financial statements. The following table summarizes the breakdown of such accounts payable and receivable as per the above points 3) and 4).

	Receivables	Liabilities
Without any established term	148,530,532 ⁽¹⁾	3,863,800
Due		
-Within three months	1,882,949 ⁽²⁾	-
- More than three months and up to six months	50,000	-
- More than four years and up to five years	-	367,813,013 ⁽³⁾
Total	150,463,481	371,676,813 ⁽¹⁾

⁽¹⁾ Balances are denominated in local currency and do not accrue any interest.

⁽²⁾ The balances are denominated in local currency and accrue interest at a fixed rate.

⁽³⁾ The balances are denominated in foreign currency and accrue interest at a fixed rate.

6. There are no trade receivables or loans to directors, members of the Supervisory Committee and their relatives up to, and including, the second degree of kinship and no such trade receivables or loans existed during the fiscal year.
7. The Company does not have any inventories.
8. The Company has used current values for the valuation of assets and liabilities acquired from Cablevisión, taking into account, mainly, the following criteria:
 - Subscriber portfolio: valued based on, among other things, an analysis of the acquired subscriber portfolio's cash flow generation, considering the subscriber turnover of such portfolio, discounted at a market rate.
 - Financial debt: since the acquired companies were not listed at the time of the acquisition, the financial debt was valued based on cash flow discounted at a market rate.

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March 10, 2017

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(Partner)
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GRUPO CLARÍN S.A.

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- Fixed assets: valued based on internal estimates made by the subsidiaries according to available information (kilometers and technical characteristics of the network, replacement value per kilometer and type of network based on business knowledge and purchase price of the resources needed, state of the network at the time of acquisition, real estate appraisals of the most significant real property, among others).

Similarly, the Company has recorded the net acquired assets of CIMECO at fair value.

9. The Company does not have any property, plant and equipment subject to appraisal write-up.
10. The Company does not have any obsolete property, plant and equipment.
11. The Company is not subject to the restrictions under section 31 of Law No. 19,550, since its main corporate purposes are investment and finance.
12. The Company assesses the recoverable value of its long-term investments each time it prepares its financial statements. In the case of investments for which the Company does not book goodwill with an indefinite useful life, it assesses their recoverable value when there is any indication of impairment. In the case of investments for which the Company books goodwill with an indefinite useful life, it assesses their recoverable value by comparing the book value with cash flows discounted at the corresponding discount rate, considering the weighted average capital cost, and taking into consideration the projected performance of the main operating variables of the respective companies.
13. As of December 31, 2016, the Company does not have any relevant tangible property, plant and equipment requiring efficient insurance coverage.
14. Booked provisions for contingencies do not exceed, either individually or as a whole, two percent (2%) of the Company's shareholders' equity.
15. As of the date of these financial statements, the Company does not have any contingent situations, the financial effects of which, if any, have not been booked (see Note 11 to the parent company only financial statements).
16. The Company does not have any irrevocable contributions on account of future share subscriptions.
17. The Company does not have any unpaid cumulative dividends on preferred shares
18. In Notes 7.a. and 10.2.a to the parent company only financial statements reference is made to the treatment given to retained earnings.

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with the report dated March 10, 2017

See our report dated
March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

CARLOS ALBERTO PEDRO DI CANDIA
Chairman of the Supervisory Committee

(Partner)

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ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

GRUPO CLARÍN S.A.

RATIFICATION OF PRINTED SIGNATURES

We hereby ratify our signatures appearing in printed form on the preceding sheets from page 1 to 79 in Grupo Clarín S.A.'s parent company only financial statements for the period ended December 31, 2016.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

CARLOS ALBERTO PEDRO DI CANDIA
Supervisory Committee

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Dr. Carlos A. Pace
Certified Public Accountant (U.B.A.)
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ALEJANDRO A. URRICELQUI
Vice Chairman
and acting Chairman

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders, President and Directors of
Grupo Clarín S.A.
Legal domicile: Piedras 1743
Autonomous City of Buenos Aires
CUIT No 30-70700173-5

Report on the Financial Statements

We have audited the attached parent company only financial statements of Grupo Clarín S.A. (the "Company") which comprise the parent company only balance sheet at December 31, 2016, the parent company only statements of comprehensive income, of changes in equity and of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The balances and other information corresponding to the fiscal year 2015 are an integral part of the audited financial statements mentioned above, therefore, they must be considered in connection with these financial statements.

Board of Directors' responsibility

The Board of Directors of the Company is responsible for the reasonable preparation and presentation of the parent company only financial statements in accordance with International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) into its regulations, as adopted by the International Accounting Standards Board (IASB). Further, the Board of Directors is responsible for the existence of adequate internal control to prepare the parent company only financial statements free from material misstatements due to errors or irregularities.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying parent company only financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs), as adopted in Argentina by the FACPCE through Technical Resolutions No. 32 and its respective Adoption Communications. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and other information disclosed in the parent company only financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the parent company only financial statements due to fraud or error. In making those risk assessments, the auditor must consider internal control relevant to the Company's preparation and reasonable presentation of the parent company only financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by the Company's management, as well as evaluating the overall presentation of the parent company only financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the parent company only financial statements mentioned in the first paragraph of this report present fairly, in all material respects, the parent company only financial position of Grupo Clarín S.A. as of December 31, 2016, its the parent company only comprehensive income and parent company only cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter paragraph

Without qualifying our opinion, we would like to emphasize the information contained in Note 10.1.a., to the parent company only financial statements, which describes the situation related to the resolution issued by the regulator to calculate the monthly fee payable by the users of cable television services, whose decisions cannot be foreseen to date.

Report on compliance with current regulations

In accordance with current regulations in respect to Grupo Clarín S.A., we report that:

- a) the parent company only financial statements of Grupo Clarín S.A. have been transcribed to the “Inventory and Balance Sheet” book and comply with the General Associations Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters within our competence;
- b) the parent company only financial statements of Grupo Clarín S.A. arise from accounting records kept in all formal respects in conformity with legal regulations which maintain the security and integrity conditions on the basis of which they were authorized by the Argentine Securities Commission;
- c) we have read the additional information to the Notes to the parent company only financial statements required by section 68 of the listing regulations of the Buenos Aires Stock Exchange and Article 12°, Chapter III, Title IV of the regulations of the Argentine Securities Commission, on which, as regards those matters that are within our competence, we have no observations to make;
- d) at December 31, 2016 the debt accrued by Grupo Clarín S.A. in favor of the Argentine Integrated Social Security System according to the Company’s accounting records and calculation amounted to \$3,999,588.68, none of which was claimable at that date;

- e) in accordance with the requirements of Article 21°, Subsection b), Chapter III, Section VI, Title II of the regulations of the Argentine Securities Commission, we report that the total fees for auditing and related services billed to the Company during the fiscal year ended December 31, 2016 represent:
- e.1) 73% on the total fees for services invoiced to the Company for all concepts in that fiscal year;
 - e.2) 8% on the total fees for audit and related services invoiced to the Company, its parent companies, subsidiaries and affiliates in that fiscal year;
 - e.3) 6% on the total fees for services invoiced to the Company, its parent companies, subsidiaries and affiliates for all concepts in that fiscal year.
- f) we have applied the procedures on prevention of asset laundering and terrorism funding set forth in the relevant professional rules issued by the Professional Council for Economic Sciences of the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires, March 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Carlos A. Pace

SUPERVISORY COMMITTEE'S REPORT

To the Shareholders of:

Grupo Clarín S.A.

TAX ID No. 30-70700173-5

Registered office: Piedras 1743

City of Buenos Aires

I. REPORT ON THE FINANCIAL STATEMENTS

In our capacity as members of Grupo Clarín S.A.'s Supervisory Committee and pursuant to Subsection 5, Section 294, of the Argentine General Associations Law (Law No. 19,550, as amended), the regulations of the Argentine Securities Commission ("CNV", for its Spanish acronym) and of the Buenos Aires Stock Exchange ("BCBA", for its Spanish acronym), we have performed a review of the documents mentioned below:

Documents subject to review:

- a) The attached Parent Company Only Financial Statements of Grupo Clarín S.A. comprising the Parent Company Only Balance Sheet as of December 31, 2016, the Parent Company Only Statement of Comprehensive Income, the Parent Company Only Statement of Changes in Equity and the Parent Company Only Statement of Cash Flows for the year then ended.
- b) The attached Consolidated Financial Statements of Grupo Clarín S.A. and its subsidiaries comprising the Consolidated Balance Sheet as of December 31, 2016, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended.
- c) A summary of the material accounting policies and other explanatory information.

The balances and other relevant information for the year 2015 are an integral part of the audited financial statements mentioned above and shall be considered in connection with said financial statements.

II. RESPONSIBILITY OF THE COMPANY'S MANAGEMENT

The Company's Board of Directors is responsible for the preparation and reasonable presentation of the Parent Company Only and Consolidated Financial Statements indicated in paragraph I. in accordance with the International Financial Reporting Standards (IFRS) adopted as Argentine professional accounting standards by the Argentine Federation of Professional Councils of Economic Sciences, FACPCE, for its Spanish acronym) and incorporated by the CNV to its regulations, as approved by the International Accounting Standards Board (IASB). The Board of Directors is also responsible for an adequate internal control as deemed necessary so that the consolidated and parent company only financial statements are free from material misstatements arising from errors or irregularities.

III. RESPONSIBILITY OF THE SUPERVISORY COMMITTEE

Our responsibility is to report on the documents indicated in paragraph I. based on our statutory audit and the audit work carried out by the Company's external auditors. We conducted our review in accordance with Technical Resolution No. 15 issued by the FACPCE. Said standards require that the review of the financial statements be conducted in accordance with effective auditing standards for the review of financial statements; that the documents be checked for consistency with the information on corporate decisions stated in minutes and that such decisions conform to the law and the by-laws, in all formal and documentary aspects.

In order to conduct our professional work on the documents detailed in paragraph I. of this report, we have reviewed the work performed by the Company's external auditor Carlos A. Pace, a partner of Price Waterhouse & Co. S.R.L., who issued his audit reports on March 10, 2017. He conducted his audit in accordance with International Standards on Auditing (IAS). Our work included the review of the work plan, the nature, scope and timeliness of the procedures applied and the results of the audit carried out by the external auditor.

IAS were adopted as auditing standards in Argentina through Technical Resolution No. 32 issued by the FACPCE as approved by the International Auditing and Assurance Standards Board (IAASB) and require that the auditor comply with ethical requirements, plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain evidence supporting the amounts and other information disclosed in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the financial statements due to fraud or error. In making those risk assessments, the auditor must consider the internal control related to the preparation and fair presentation by the Company of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, the reasonableness of significant estimates made by the Company's management, and the overall presentation of the financial statements.

We believe that our work and that of the Company's external auditors, detailed in their respective reports, provides a sufficient and appropriate basis to support our opinion. We have not performed any management control and, therefore, we have not assessed the business criteria and decisions on administrative, financing, commercialization and production matters, since these issues are the exclusive responsibility of the Company's Board of Directors.

IV. OPINION

Based on our review, within the scope described in Section III. of this report: (i) the parent company only financial statements mentioned in paragraph I., present fairly, in all material respects, the parent company only financial position of Grupo Clarín S.A. as of December 31, 2016, the results disclosed in the parent company only statement of comprehensive income and in the

parent company only statement of cash flows for the year then ended, in accordance with the International Financial Reporting Standards; and (ii) the consolidated financial statements mentioned in paragraph I., present fairly, in all material respects, the consolidated financial position of Grupo Clarín S.A. and its subsidiaries as of December 31, 2016, and the results disclosed in the consolidated statement of comprehensive Income and in the consolidated statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards.

V. EMPHASIS OF MATTER

Without qualifying our opinion, we would like to emphasize the information disclosed under Note 10.1.a. to the Parent Company Only Financial Statements and under Note 8.1.a. to the Consolidated Financial Statements, which describe the situations related to the resolution issued by the regulatory agency for the calculation of the monthly fee payable by the users of cable television services, whose decision cannot be foreseen to date.

VI. REPORT ON COMPLIANCE WITH EFFECTIVE REGULATIONS

In accordance with effective regulations, we report with respect to Grupo Clarín S.A. that:

- a) The financial statements detailed in paragraph I. comply with the provisions of the Argentine General Associations Law (Law No. 19,550, as amended) and the regulations concerning accounting documentation issued by the CNV, and have been transcribed to the "Inventory and Balance Sheet" book and arise from the Company's accounting records kept, in all formal aspects, in accordance with effective legislation.
- b) We have reviewed the Inventory and the Board of Directors' Annual Report for the year ended December 31, 2016. In this regard, within the scope of our competence, we have no observations to make. The representations about future events included in the Annual Report are the Board of Directors' exclusive responsibility.
- c) Furthermore, we report that in exercise of the legality control within our field of competence, during the year ended December 31, 2016, we have applied the procedures set forth in Section 294 of Argentine General Associations Law (Law No. 19,550, as amended), as deemed necessary based on the circumstances and we have no observations to make in that regard.
- d) We have reviewed the information included in Exhibit I to the Annual Report about the degree of compliance with the Code of Corporate Governance required under CNV Regulations and we have no observations to make in that regard.
- e) As required by CNV regulations, regarding the independence of the external auditors and the quality of the audit policies applied by them and the accounting policies applied by the Company, the above-mentioned external auditor's report includes the representation concerning the application of the auditing standards effective in

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Argentina which provide for independence requirements, and was issued without qualifications as to the application of such regulations or discrepancies as to the professional accounting standards applied.

- f) We have applied the asset laundering and terrorist financing crimes prevention procedures provided under the professional standards issued by *Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires* (Professional Council in Economic Sciences of the City of Buenos Aires).

City of Buenos Aires, March 10, 2017

Supervisory Committee

Carlos Alberto Pedro Di Candia
Chairman