



GRUPO CLARÍN S.A.

Annual Report and Consolidated Financial Statements

For the year ended December 31, 2017,
presented on a comparative basis

GRUPO CLARÍN S.A.

2017 ANNUAL REPORT

To the Shareholders of

Grupo Clarín S.A.

We hereby submit for your consideration the Annual Report and Exhibit, the Consolidated Company Balance Sheet, the Consolidated Company Comprehensive Statement of Income, the Consolidated Company Statement of Changes in Shareholders' Equity and the Consolidated Company Statement of Cash Flows and Notes of Grupo Clarín S.A. (hereinafter, "the Company" or "Grupo Clarín") for fiscal year No. 19 ended December 31, 2017.

The main subsidiaries in which Grupo Clarín S.A. has a direct or indirect controlling interest are: Arte Gráfico Editorial Argentino S.A. (AGEA), Artes Gráficas Rioplatense S.A.(AGR), Compañía Inversora en Medios de Comunicación S.A. (CIMECO), Compañía de Medios Digitales S.A.(CMD), Arte Radiotelevisivo Argentino S.A.(ARTEAR), GC Gestión Compartida S.A., Inversora de Eventos S.A.(IESA) and Radio Mitre S.A., and until May 1, Cablevisión S.A., among others.

2018 MACROECONOMIC ENVIRONMENT

During 2017, the performance of the Argentine economy was marked by, on the one hand, the gradual progress in its normalization process, and, on the other hand, the typical political conditionings of an election year. This dichotomy contributed to the partial accomplishment, during this second year of administration, of the results originally envisaged.

A glimpse at the events that took place during 2017 shows that the economy made headway with the disinflationary process and grew again, avoiding the exacerbated growth of primary public spending in an election year.

In order to achieve the foregoing, the large fiscal gap in Argentine pesos was financed with external indebtedness. This scenario, far from being innocuous, generated a slide of the Ps./USD exchange rate lower than the inflation rate, which, even though it served as an anchor, it did so at the expense of triggering a marked deterioration of the external front.

The performance of the price index at national level surveyed by the INDEC throughout the year represents the extent of the progress made in that disinflationary process. In fact, the price index closed the year at 24.8%, which represents a clear decrease compared to the 36.6% recorded in 2016. However, that percentage outstripped the upper level of the target established by the Government (15% with +/-2 percentage points), which brought to light both the difficulties to meet the targets adjusting relative prices (basically public utilities tariffs), and the limited scope of the Central Bank's reference rate to sterilize the monetization of the fiscal deficit and achieve the targeted inflation levels.

During 2017, amid this disinflationary path achieved under a scenario marked by high interest rates in Argentine Pesos, the GDP grew 2.9% compared to 2016. Said figure, slightly lower than the projected level of 3.5%, reverses the 2.2% decline recorded last year. This was influenced by a certain level of recovery of the purchasing power of salaries and pensions and the resurgence of bank lending. The key role played by gross domestic investment -it grew slightly over three times as much as the level recorded by the GDP- provided sustainability and partially explains the growth prospects for 2018.

The gradual recovery allowed the Government, for the first time since 2004, to maintain the growth rate of primary spending lower than that of the revenues, thus reducing tax pressure and

primary spending as a percentage of the GDP. As a result, Argentina's primary fiscal and financial imbalances closed the year at around 3.9% and 6.1% of the GDP. The first of these figures, which does not include the imbalances of the provinces or the quasi-fiscal deficit of the Argentine Central Bank, was 0.4 percentage points below the 4.3% level recorded in 2016 (which incorporated the extraordinary revenues from the tax regularization scheme for ~1.3% of the Gross Product.) However, and as a result of larger interest payments derived from the growing indebtedness, the total fiscal deficit closed the year with a year-on-year increase of 0.2 percentage points.

On the other hand, the level of public debt continued to show an upward trend, reaching by the end of the year approximately USD 320.0 Bn, accounting for 58% of the GDP (28.5% when considering only the net debt with third parties). The level of indebtedness of the Argentine Central Bank, as a result of the issuance of Bills, followed this trend and closed the year at almost Ps. 1.2 Bn (~11% of the GDP and +66% above the level recorded by the end of 2016).

The high fiscal imbalance had a significant impact on the external front, which showed a premature deterioration in this early stage of recovery mainly as a result of the delay in the adjustment of the Ps./USD exchange rate. This deterioration was due to the lack of dynamism of exports, the exponential surge of imports, the higher interest payments on sovereign debt and the strong demand for foreign currency for savings and tourism purposes. In this sense, the trade balance showed a sharp and premature reversal, from a surplus of almost USD 2.0 Bn to a deficit of USD 8.5 Bn from one year to the other. The above worsened the current account deficit, which closed the year at around USD 28.0 Bn (4.5% of the GDP.)

The above suggests that the unwinding of many of the existing imbalances will take more time than expected. Therefore, two relevant considerations concerning the current strategy should not be overlooked. First, it should be noted that the current cycle of indebtedness (which, if naturalized, could be dangerous) only delays the unavoidable adaptation of the economy to its ability of genuinely generating foreign exchange and its necessary fiscal balance.

Secondly, it should be noted that even though the possibility of leveraging the economy allows the country to spread over time the adjustment of relative prices, the convergence towards a balanced position in public accounts is essential to make sustainable progress along a foreseeable path of disinflation. In fact, as history shows, the mere presence of high and sustained levels of fiscal deficits, whatever its source of financing, always represents a potential source of imbalances for the rest of the economic fundamental variables.

Perspectives for the Upcoming Year

Argentina still has to face significant challenges to make headway in its normalization process. In addition, apart from the above-mentioned progress (including the favorable results of the election), Argentina can benefit from the impetus from the Brazilian economy, which is expected to consolidate the slight recovery achieved during the year, with a projected growth of around 3% (the highest of the last five years.)

The main challenge for the economy in 2018 will be to make headway in the scheduled reduction of the primary fiscal deficit by one point of the GDP, trying to preserve the economy within the virtuous lane of growth, disinflation and generation of genuine employment, while preventing the Ps./USD exchange rate from continuing to part from its balance.

The projected unwinding of the fiscal imbalance seeks to achieve in 2018 a primary fiscal deficit of around 3.2% of the GDP (almost a percentage point below the level estimated for 2017.) This fiscal effort, partially offset with higher interest payments, would drive the fiscal imbalance to 5.5% of the GDP (0.6 percentage points below the level recorded in 2017.)

In this sense, it should be noted that this overspending above revenues involves financing needs for approximately USD 30.0 Bn (including direct aid from the Central Bank to the National Treasury for Ps. 140.0 Bn.) On the other hand, the public debt/GDP ratio is expected to stabilize

by 2020, according to official estimates. It would grow again coming close to 60% of the GDP for the first time since 2007 (~31% corresponding to third parties.)

In order to meet this fiscal target, the rate at which primary public spending grows must remain below that of the revenues. According to the Government, this would be achieved with the scheduled cutting of economic subsidies (as from this year, the Government introduced a reduction in transport subsidies in the city of Buenos Aires), such as the impact of the recently enacted social security reform.

The Government will have to sustain in time the growth of the GDP in order to boost revenues and gradually reduce the high level of participation of primary spending in the economy. In retrospect, it should be noted that, even when the last monthly market expectations survey developed by the Argentine Central Bank anticipates an increase that would be more moderate than official projections, GDP growth will represent, for the second consecutive year, a turning point in the behavior pattern observed from 2011 to date, of exacerbated increases in election years followed by subsequent downturns as a result of the need to adjust those excesses in non-election years.

Lastly, it should be noted that almost by the end of the year under review, the Government decided to loosen up inflation targets for the following three years 2018 / 2020, so as to bring them into line with the projected path of tax convergence and their own private expectations. The target set for 2018 in particular is 15% and even when it is 5 percentage points above the previous figure of 10% (+/- 2 percentage points), the Government still faces the challenge of maintaining inflation levels above those expected by the private sector.

This redesign of the inflationary path expected for the following years suggests the government's decision to gradually redirect the course of the economy towards a new balance that will be less restrictive as far as domestic interest rates are concerned and more competitive in terms of the exchange rate.

THE YEAR 2017 AND THE MEDIA SECTOR IN ARGENTINA AND THE WORLD

The global communication, media and entertainment sector will grow over the next five years at an annual growth rate of 4.2%, according to the Global Entertainment and Media Outlook recently issued by Price Waterhouse Coopers, which analyses the current and projected situation of the main segments of this sector in 54 countries. In the local front, it is expected to grow at a rate of 5.9%, in view of the characteristics of the market.

The dynamics expected for the consumption of digital media will continue to play a significant role in the evolution of this sector worldwide. In view of the above, the businesses related to the digital ecosystem would continue to expand at a rate that would be significantly above average. It is worth noting that consolidated digital advertising (fixed/mobile) already accounts for approximately 40% of the total global advertising pie and is consolidated as the first segment of the market.

In this sense, advertising continues to migrate towards the digital environment following the audiences and tends to concentrate among few purely digital players, such as Facebook and Google.

Traditional media such as newspapers, television and radio continue to record, in the digital arena, significant audience levels, though with several complexities in its monetization. This is reflected in digital revenues which, although they grow at two-digit rates, still represent a small portion of their revenue structures.

The above-mentioned report analyzes in detail the way in which technological advances and its impact on the behavior of users, has opened a gap between the way in which they want to experiment information, entertainment and communications and the way in which companies produce and distribute their products and services.

In order to bridge this gap, apart from focusing on content generation and distribution, companies are developing experiences according to the preferences of their users. An example of that is the growing adoption of the integrated offering packages developed by traditional and by OTT (over the top) service operators. These offerings enrich customer experience by allowing consumers to have access to linear on-demand streaming from multiple devices at any time.

This path requires two key strategies. On the one hand, to focus on the construction of companies, brands and platforms anchored in active communities where its members share their values, passions and interests. On the other hand, to harness emerging technologies to provide a superior user experience, accelerating the transformation in the way contents are packaged and distributed to reach the largest number of users under different formats.

In order to implement the above-mentioned strategies, companies are, on the one hand, broadening their knowledge of their customers by collecting and analyzing data so as to put them at the core of the business and, on the other hand, investing in producing quality contents that suit their interests and thus valued by different generations.

In this sense, of particular note is the emergence of a new and broad variety of “hybrid” companies built upon the disruptive forces derived from digital transformation. While traditional content production companies are seeking to add technological capabilities and knowledge, there is a large number of technology companies that are, conversely, gradually beginning to generate their own contents.

The above-mentioned shows that the recurring emergence of new technologies continues to transform society and to provide opportunities both to digitally native companies and to traditional companies, which gradually continue to adapt to new media consumption patterns. Under a pattern of growing fragmentation of consumption and revenues, these opportunities pose huge challenges: Those media companies that are able to provide services and contents with the best combination of user experience, quality, access flexibility and customized contents and an intuitive interaction with social networks will have the greatest growth potential in the future.

In the domestic front, 2017 was a year of recovery for this sector and the performance of Argentine economy contributed to this result.

The performance of the industry continued to show bandwagon trends and milestones such as the initiative of leading newspapers to implement a pay subscription scheme to access their digital contents, following global trends in other reference markets.

Among the trends, we should note the significant growth of broadband consumption (mainly mobile and video streaming) and the growing participation of digital revenues in the advertising pie which grew during the year in line with inflation.

In the domestic print media segment, Clarín marked a milestone with the launch of the pay digital subscription service, which established a benchmark for this sector and reflected the sustainability of its business models. A few months after, its main competitor followed the same path and, as from 2018, the main newspapers in the provinces will do so. In every case it was achieved through the use of a porous paywall focused on heavy brand-loyal users. Given its design, it does not significantly affect the performance of the sites in the digital ecosystem both in terms of unique visitors and page views. This model, a benchmark set by The New York Times and The Washington Post, among others, is the most widely used by newspapers worldwide.

Finally, in view of its significant impact on the structure of the sector and the quality of its services, of particular note is the future full convergence in the telecommunications area (effective as from January 1, 2018.) In general terms, this convergence will allow cable operators and telephone companies to provide simultaneously cable television, fixed and mobile telephone and Internet access services (quadruple play), in line with the trends in other

reference markets. This multiplication of windows is expected to yield a higher demand for audiovisual contents, opening an opportunity for content producers.

2017 REGULATORY FRAMEWORK

During 2017, the Company underwent significant corporate reorganizations that changed its regulatory situation.

After physical link and radio-electric link subscription television services started to be subject to the Digital Argentina Act, the Company began a corporate reorganization process consisting in a spin-off, in order to spin off a portion of its direct and indirect interest in Cablevisión, and with it the exploitation of telecommunication services, which today include Subscription Television Services.

Therefore, the Subsidiaries of the Company that exploit Audiovisual Communications Services (Television, Radio, Cable Signals, Producers and Advertising agencies) are still subject to the Audiovisual Communication Services Law and only some of the activities carried out by Compañía de Medios Digitales (CMD) S.A. are subject to the Digital Argentina Act.

On the other hand, ARTEAR extended the term of its license for the exploitation of Broadcast Television Services, taking into account that the ENACOM issued Resolution No. 135/2017, whereby it deemed that the Subsidiary had opted to request an extension under Section 20 of Decree No. 267/15 and stated that the term for the first period of TEN (10) years, with the right to an automatic extension for a term of FIVE (5) more years, shall be calculated as from January 2, 2017.

THE COMPANY. ORIGIN, EVOLUTION AND PROFILE

Grupo Clarín is Argentina's most prominent and diversified media group and one of the most important in the Spanish-speaking world. The Company is organized and operates in Argentina and its controlling shareholders and management are Argentine. Grupo Clarín is present in the Argentine print media, radio, broadcast television, audiovisual production, and in the printing industry. Substantially all of Grupo Clarín's assets, operations and audiences are located in Argentina, where it generates most of its revenues. The Company also carries out operations at a regional level. Today, Grupo Clarín employs around 6,000 people.

Grupo Clarín's history dates back to 1945, the year in which Roberto Noble founded the newspaper Clarín of Buenos Aires ("Diario Clarín"), with the goal of becoming a mass distribution and quality newspaper, privileging information and committing to the comprehensive development of the country. Since 1969, Diario Clarín was led by his wife, Ernestina Herrera de Noble. It became the flagship national newspaper and has consolidated its position throughout the years thanks to the work of its journalists and the loyalty of its readers. Diario Clarín is now one of the Spanish-language newspapers with the highest circulation in the world. In 2016, Diario Clarín became the most widely-read digital newspaper in the Spanish-speaking world. Over the years, Grupo Clarín has been one of the main actors in the changes undergone by the media worldwide. It incorporated new and varied printing activities and decided to embrace technological developments, investing to reach its audiences through new platforms and channels and through new audiovisual and digital languages.

In this way, Grupo Clarín entered the radio and television sectors. Today, it is the owner of one of the two leading broadcast television channels in Argentina (ARTEAR/EI Trece) and of AM/FM broadcast radio stations. Along with the newspaper, these media are recognized as the most credible and considered leaders of Argentine journalism in one of the most diverse media markets in the region. For example, in Buenos Aires, the Company's media compete in a

market that has 5 broadcast television stations, 550 radios, and more than 10 national newspapers.

Grupo Clarín also publishes Olé, the first and only sports newspaper in Argentina, and the magazines Ñ, Genios, Jardín de Genios, Pymes and Elle. Through CIMECO, the Company holds equity interests in the newspapers La Voz del Interior and Los Andes, in a market of approximately 200 regional and local newspapers. In the audiovisual front, it also produces 5 cable signals. A news signal, (Todo Noticias), and the signals Volver, Magazine and Quiero Música en mi Idioma. It also produces sports channels and events (TyC Sports), television contents and motion pictures (Pol-ka and Patagonik Film Group).

In line with the global trend, Grupo Clarín has committed itself to expanding digital content production. Grupo Clarín's Internet portals and sites receive more than half of the visits to Argentine websites. The Group's digital media are benchmarks of journalistic quality and have high credibility rates. Its social media accounts have the largest number of followers and generate significant interaction. Over the last years, the Group's media and journalists have received many awards for their ventures in different digital platforms. In 2016 and 2017, at the WAN-IFRA LATAM Digital Media Awards, Grupo Clarín's media received three awards each year. It also received many awards from the Inter-American Press Association and other international agencies.

In 1999, Grupo Clarín was incorporated as an Argentine *sociedad anónima*, a corporation with limited liability. It gradually opened its capital to other participants and, since October 2007, it is listed on the Buenos Aires Stock Exchange and on the London Stock Exchange. It takes pride in having grown in Argentina, in being a source of influence on a local level in an increasingly transnational market with a size that enables it to compete without losing strength among large international players.

Grupo Clarín's investments in Argentina in the last 20 years have been very significant, always with the same central focus: Journalism, the media, production and distribution of contents and communications. Its activities have contributed to the creation of an important Argentine cultural industry and generate qualified and genuine employment. Its vision and business model focus on investing, producing, informing and entertaining, preserving Argentine values and identity, and preserving business independence in order to ensure journalistic independence.

In addition, since its foundation, Grupo Clarín has undertaken intense community activities. Grupo Clarín, together with the Noble Foundation, which was established in 1966, organizes and sponsors several programs and activities, particularly focused on education, culture and civic involvement. Furthermore, as an indication of its social responsibility, Grupo Clarín focuses on the ongoing improvement of its processes, develops initiatives that arise from discussions with different stakeholders, and works towards sustainability.

In 2016, the Board of Directors proposed, and the Shareholders' Meeting approved, the spin-off of its cable and telecommunications operations into a new company called Cablevisión Holding S.A. The spin-off became effective on May 1, 2017.

There are currently two *sociedades anónimas* (corporations with limited liability), Grupo Clarín S.A. and Cablevisión Holding S.A. At the time of the spin-off, the shareholders of Grupo Clarín S.A. and Cablevisión Holding S.A. held the same interest in both companies. Grupo Clarín S.A.'s structure retained the journalistic media and content production. This includes AGEA, ARTEAR, Radio Mitre, IESA and CMD, among others. As a result of the spin-off, Cablevisión Holding S.A. became the holder of the interest that Grupo Clarín held in Cablevisión and its subsidiaries.

GRUPO CLARÍN AND ITS BUSINESS SEGMENTS IN 2017

Grupo Clarín and its business segments grew again in 2017 in a highly challenging context. During this year, the Company consolidated the positive economic and financial performance trends of the previous years.

During the year, the consolidated net sales of Grupo Clarín (including only continuing operations) grew by 24.4%, from Ps. 11.3789 to Ps. 14.1578 billion, mainly due to an increase in advertising sales.

By the end of 2017, Grupo Clarín's gross consolidated indebtedness stood at approximately Ps. 1.034 billion and cash stood at Ps. 1.052 billion.

The following is a description of the most significant events related to the situation and management of each of Grupo Clarín's business segments during 2017.

PRINTING AND PUBLISHING

Grupo Clarín, through AGEA, is the main newspaper publisher in Argentina and one of the most prominent editorial content producers in Latin America.

Out of Grupo Clarín's total sales in 2017, the Printing and Publishing segment accounted for Ps. 6.669 billion, considering intersegment sales. This segment derives revenues primarily from the sale of advertising, newspaper copies and magazines and optional products.

Arte Gráfico Editorial Argentino

Arte Gráfico Editorial Argentino S.A. (AGEA) publishes two national newspapers. In the first place, AGEA publishes Clarín, the flagship Argentine newspaper and one of the most important in terms of circulation in the Spanish-speaking world. And also Olé, founded in 1996, the first and only sports newspaper of its kind in the Argentine market. Until December 2017, it also published La Razón, a pioneer in the free newspaper segment. In addition, it publishes regional newspapers; Genios, a very popular magazine among schoolchildren; Jardín de Genios, aimed at children between 2 and 5 years of age that comes with a supplement for parents; Ñ, a cultural magazine; Pymes, aimed at small- and medium-sized businesses; ARQ, aimed at the construction world, architects and designers; and Rural aimed at the agricultural sector. AGEA also publishes the Argentine version of Elle, a magazine aimed at women.

AGEA has a strong presence in the digital content segment through its websites clarin.com and ole.com.ar, which are among the most visited websites in Latin America. It stands out in vertical sites of sectors such as cars, real estate and jobs.

Clarín

With a long-standing journalistic and commercial leadership consolidated in its 72-year track record, Clarín is the most prominent Argentine newspaper in terms of outreach to its readers, circulation and advertising.

The success of its prestigious editorial line lies in its identification with the interests, needs and emotions of its audience through a plural and independent journalistic style.

With innovation at the core, in 2017, Clarín underwent a comprehensive revamp with the creation of a multi-platform newsroom that works simultaneously for the different versions of the newspaper -paper, mobile and digital-. This around-the-clock news production process entails that all the journalists are working for all the platforms in order to maintain its leadership in the print and digital market and, at the same time, boost its web and mobile services. A leader in terms of unique users, the newspaper seeks to continue expanding this base with readers of all ages and different reading frequencies and, at the same time, it seeks to offer quality contents for

those frequent readers that, given their periodicity, choose to become digital subscribers. The quality of its contents, flexibility, immediacy and close bond with the readers are the key pillars to face these new challenges.

During the year, Diario Clarín's daily average sales stood at 185,000 copies. Its circulation is 1.5 higher than its closest competitor, while Sunday's sales stood at 429,000 daily copies. This places Clarín among the major Sunday newspapers of the world. Clarín has a 39.5% share of the newspaper market in the City of Buenos Aires and the province of Buenos Aires and a 24.5% share at a national level. Having its printing capacity in its own printing facilities is a very important competitive advantage.

The Zepita facility -where the newspaper Clarín and its supplements, as well as the newspaper Olé are printed- is located in the City of Buenos Aires and has a surface area of 35,000 m² and capacity to store 12,000 tons of newsprint. It has five Goss Metrocolor rotary offset printing presses that enable it to print 300,000 copies of 80 full-color pages per hour. AGL's printing facility, located in the province of Santa Fe, has a surface area of 3,000 m² and has a Goss Uniliner rotary offset printing press which enables it to print 40,000 copies per hour. The entire production process is developed in accordance with leading industrial criteria -such as computer to plate (CTP)- and environment preservation standards, such as, ISO 14001.

Clarín 365 is a readers club created in 2010 to build loyalty among readers and to reinforce its close bond with them, as well as to retain circulation. 397,000 print subscribers enjoy a program that offers discounts, promotions and benefits in more than 1,500 trademarks and 6,300 stores nationwide. In 2017, Diario Clarín launched the digital subscription, associated to the 365 program, which allowed 365 to have more than 450,000 subscribers.

Products

The basic offer of the newspaper is comprised by the main body and its Spot, Sports and Classified ads supplements. Weekly supplements (such as, Rural, Countries, Económico, Autos, Viajes and The New York Times) make Diario Clarín one of the most comprehensive newspapers in the market.

The regional newspapers support in terms of circulation the Thursdays' edition of the newspaper. The regional newspapers cover the following locations: Vicente López, San Isidro, Morón, La Matanza, Ituzaingó, Hurlingham, Lomas de Zamora, Alte. Brown, Echeverría, Ezeiza, Avellaneda, Lanús, San Martín, Tres de Febrero, San Miguel, José C. Paz, Tigre, San Fernando, Malvinas Argentinas, Quilmes, Berazategui and Florencio Varela. The monthly supplements published for Pilar, Escobar, Zárate and Campana, and Moreno, General Rodríguez and Luján are also part of the offering.

Diario Clarín's Economic Supplement offers its readers a thorough analysis of the economy, the secrets of leading companies, personal finances, marketing and labor market with valuable information, easy-reading texts and the opinion of national and international prestigious columnists.

The Rural supplement is a management tool for the production sector. It offers all the information about agricultural businesses. It is published once a week and has a digital platform. The Company was present at 2017 Expoagro, the agro-industrial fair which is held every year in March.

Clarín constantly keeps up to date and offers a wide range of editorial products together with the core product. The following are among the most prominent collectible products for the period: "Mandalas – Explota el color", "Grandes Chef", "Tejidos", "Estudiando en casa", "Todo con dulce de leche", "Vivir mejor – Lopez Rosetti", "Mundo Papel", "Crochet", "Huerta", "Guías NG", among others.

Magazines

During 2017, the cultural Magazine Ñ, together with Clarín, was the sponsor and main supporter of the Buenos Aires Book Fair. With a stand that renewed its stake, it offered cultural contents, artistic events, reading spaces, talks, debates and workshops. Along the year, it sponsored and supported several cultural events in the country. Through the award Premio Clarín Novela, Magazine Ñ promotes the production and publishing of literary fiction in Spanish language. To celebrate the 20th anniversary of the award, the magazine gave away the novel that had won award in the first edition.

Since 2002, Diario de Arquitectura has been published every Tuesday and offers professionals a benchmark editorial product. It develops optional supplements, which are highly valued by its readers. It covers the most important events such as Casa FOA and the Ibero-American Biennial of Architecture. This year, it launched products such as "MAS Casas de verano", "MAS Hoteles" and "DNI".

Revista ELLE is a high-end magazine for women, focused on fashion and beauty. It was incorporated in 1994 to AGEA's product portfolio and in 2017 it sold more than 25,000 copies per month countrywide.

The magazine Genios, published once a week, provides education and entertainment for children with a clear and up-to-date language. In 2017, its average sales exceeded 24,000 copies. The monthly edition of Jardín de Genios maintained its leadership in the category children's magazine with over 42,000 copies sold.

The magazine Clarín Rural -published every two months- offers all the necessary keys to embark on agricultural projects. It publishes thorough articles, advice from specialists, training offerings and innovation for the agricultural sector, as well as contents related to livestock, dairy, machinery and technology applied to the production in the countryside.

Other Newspapers

Diario Olé is the first and only sports newspaper in Argentina. Since its launch in 1996, it has been a benchmark in sports information. Its editorial offering provides the most comprehensive and complete coverage of football and other sports like tennis, basketball, rugby and motor racing. With an annual sales average of 24,000 daily copies, Olé continues to consolidate itself as a leader both in its print and digital versions -www.ole.com.ar- and applications for mobile devices. In 2017, the newspaper redesigned its appearance, adopting a layout that provides ease of reading and guides readers towards information of their interest.

During 2017, the Company ceased to publish La Razón, which had been the first ever free newspaper.

Internet Business

Clarín has a strong share in every large social platform and all of its products follow an innovative communication strategy. In this way, it has achieved a leading position in social media journalism.

Clarín.com addresses the significant changes derived from the Internet in the way people consume news and information. The website, with a large display of images, sections and a structure that reconfigures the traditional news categories, is constantly updated through an integrated newsroom. In addition, Clarín.com has several versions for mobile devices through web applications that allow users of mobile phones and tablets with any operating system to access the site.

During 2017, Clarín continued to work on the access to the web version through a user registration system in order to provide a better service and generate greater interaction with the reader. As of December, the number of people registered reached 1.4 million.

In April, Clarín launched the porous digital subscription system. The reader has a limited number of articles that can be read for free. Once that limit has been reached, the reader has to subscribe in order to have access to all the contents of the site. Clarín was the first newspaper ever in Argentina to implement this system. As of December 2017, Clarín had over 66,000 subscribers, among the users that chose the Full Digital Combo, the Full Digital + 365 and those who linked their 365 card.

Clarín.com is still the news site with the highest market share in Latin America with 42 million unique visitors and more than 427 million page views per month.

The digital edition faithfully reproduces the design of the printed newspaper, with the same design, photos, infographics and ads, exploiting the benefits of digital technology. The service is offered under a subscription program through the digital edition of Diario Clarín. With its sites “Deautos”, “Argenprop” and “Empleos Clarín”; the company has a strong presence in the on-line classified ads for cars, real estate and jobs.

El Gran DT is the most popular game in Argentina and has engaged over 5.5 million people in its 19 editions. Each on-line edition engages more than 500,000 participants who have the chance to build their fantasy teams and win prizes.

Tinta Fresca

Tinta Fresca Ediciones S.A. is an Argentine publishing company that was founded in 2004 and is engaged in textbook publishing for all stages of the Argentine education system. Tinta Fresca seeks to place books at the heart of the teaching and learning processes and have teachers and students use them as an effective and updated learning tool. In addition, apart from textbooks, the editorial offers a broad range of publications aimed at teachers and learners, such as children and youth literature, dictionaries and reference books. Since its foundation, Tinta Fresca has published more than 400 titles. Its contents have earned the recognition of technical-educational teams both from public and private education.

The Digital Development Unit, created in 2011, seeks to engage in the several modalities in which Information Technology and Communications will be introduced in the classrooms and in the education system in general.

During 2017, Ríos de Tinta, founded in Mexico in 2007, in association with the Mexican group MILENIO, offered 22 titles for public schools and 16 titles for private schools. Throughout 2017, the company worked on the renovation of the titles published because the former ones had become obsolete as a result of the education reform driven by the Mexican government.

Artes Gráficas Rioplantense

Artes Gráficas Rioplantense S.A. (AGR) is a comprehensive printing production company that was founded in 1976. Over the last ten years, upon the huge changes in consumption patterns derived from the emergence of new technologies, AGR's traditional business (mass commercial printing) has shrunk while the variable printing, distribution and logistics segments have grown and have higher future prospects.

In order to address this global phenomenon -which also affects Argentina-, at the beginning of 2017 AGR had to restructure its activities. On January 16, AGR announced that it had ceased to operate its printing facility located in the neighborhood of Pompeya, which served a portion of the mass printing segment, to focus on its other business areas.

In addition, in order to optimize the approach to the changes in the print sector and the technical, administrative and financial structures, AGR was absorbed by AGEA, its controlling company, and was dissolved without liquidation. The merger became effective on January 1, 2018.

Impripost

Impripost Tecnologías S.A. is a company mainly engaged in production and variable printing, including invoices, advertising brochures, forms, labels and cards. It also provides envelope-stuffing services. Today, it is one of the main companies in the market of variable data printing and finishing in large volumes.

During 2017, Impripost gained new customers with different needs and proposals. It also continued to render document digitalization services with very good results and a growing customer base. The Company started to develop new services in line with the digital transformation. Impripost started to provide intelligent digital record services and developed *Ecofactura*, a portal that offers intelligent records with the integration of payment methods.

Cúspide

Cúspide is one of the main Argentine companies engaged in the distribution and sale of books. Today, it has three business areas: The first one is a retail business, with 28 branches located throughout the country, and a digital channel, cúspide.com. The second one is engaged in wholesale distribution with over 1,500 customers. And the third one manages the revenues generated by the franchises. Today, the company has 4 franchised locations.

Cúspide has a 3,200-square meter warehouse to store and supply its own branches and its wholesale customers.

Like every year, Cúspide participated in the Buenos Aires Book Fair and in the Children's Book Fair during school break. In 2017, this company focused on affirming and consolidating its positioning, prioritizing the profitability of its operating branches and boosting outlets growth through franchises.

Unir

UNIR S.A. is a company engaged in mail reception, classification, scheduling, transportation, warehouse, logistics, distribution, and delivery services throughout the country, in all product categories.

UNIR has its own distribution network in the City of Buenos Aires and its surrounding areas. The rest of the country is served through agreements with other companies.

It works together with Impripost and other subsidiaries of Grupo Clarín, which allows UNIR to complete the process ranging from the printing of invoices and brochures to the delivery to the final consumer. During this year, the logistics unit has increased its share in the general business.

During 2017, it increased its total sales by 28%, leveraging the development of new businesses and its new storing capacity of 22,700 m².

Compañía Inversora en Medios de Comunicación S.A.

CIMECO S.A. was organized in 1997 with the aim of acquiring equity interests in Argentine and foreign newspapers, seeking to preserve the regional journalism industry, blending experience, synergy and economies of scale, preserving its editorial principles. CIMECO holds a majority interest in two of the three largest regional newspapers in Argentina: La Voz del Interior (Córdoba) and Los Andes (Mendoza). During 2017, the Company intensified the adaptation of its traditional businesses to the new technologies preserving its profitability model.

La Voz del Interior S.A. leads the print and digital market in the central region of the country. Its newspaper, La Voz del Interior, has a significant market share in the province of Córdoba.

2017 was a year marked by the migration of the publishing system and the development of a digital contents sales platform.

During 2017, La Voz focused its editorial policy on consolidating a multiplatform strategy, adjusting the printed and digital products to new trends in the consumption of news. Among the highlights of 2017 was the coverage of the national elections, during which we focused on engaging citizens to participate. It included a specialized newsletter that reached 6,000 subscribers and an unprecedented broadcast via Facebook Live.

Club La Voz, the benefit and subscription sales club recorded a strong growth. 41% of the total newspaper sales during the year was sold through this subscription system, which provides stability to circulation. As far as circulation is concerned, the sales of copies recorded a figure similar to the previous period.

Los Andes newspaper has been reporting Mendoza's news since 1882. In that year, the Calle family founded one of the oldest journalistic companies in the country. Los Andes is a benchmark brand in the market.

During 2017, Los Andes focused on maintaining its leadership position both in its print and digital versions. Los Andes Pass, the newspaper's loyalty program, recorded 30,534 subscribers as of December, which represents a 16% increase compared to 2016. This represents 290,944 monthly copies under the subscription modality. In addition, during this year, the newspaper launched Los Andes Pass Teen, the first benefit card for teens aged 13-17. The newspaper also introduced Puntos Pass.

Following in its tradition, the newspaper participated actively in all the important provincial events and focused on the growth of its on-line version and on increasing the value-added products that are sold with the newspaper.

In order to face the changes in consumption and work habits, Los Andes' newsroom underwent throughout the year one of the most profound and significant transformations of recent years. It integrated the work of the print and digital newsrooms and created the role of the multiplatform editor. This allowed the newspaper to double the generation of digital contents and improve the dynamics of the whole newsroom. The company hired community managers to work on social networks.

Comercializadora de Medios del Interior S.A.

During 2017, Comercializadora de Medios del Interior S.A. (CMI) continued to consolidate itself as the most important network in the provinces. During this year, the Company intensified the adaptation of its traditional businesses to new technologies preserving its profitability model.

In 2017, CMI continued to focus its businesses on the digital area. During the last year, the company laid the foundations of the news network Vía País for the purposes of covering the largest number of locations in Argentina. By the end of 2017, there were eight active nodes (Vía Argentina, Buenos Aires, Córdoba, Mendoza, Rosario, Neuquén, Río Cuarto and San Nicolás). In December, the number of unique users stood at almost four million. Revenues from CMI's digital activities accounted for 29% of its aggregate advertising revenues.

On the other hand, Rumbos magazine, which celebrated its 14th anniversary in the market, consolidated itself as the leading Sunday magazine in the provinces in terms of the volume and quality of the units sold. Among the main newspapers that distribute the magazine Rumbos, the following stand out La Voz del Interior, Diario Los Andes, El Litoral de Santa Fe, El Diario de Paraná, Época de Corrientes, Diario de Cuyo and El Liberal de Santiago del Estero.

Papel Prensa

Papel Prensa S.A.I.C.F. y de M. is the first producer of newsprint that is wholly owned by Argentine capital. It started its operations in 1978 and is currently Argentina's major producer. As of December 31, 2017, the shareholders of Papel Prensa were AGEA (37%), CIMECO (12%), S.A. La Nación (22.5%), the Argentine federal government (27.5%), and other minor investors (1%).

BROADCASTING AND PROGRAMMING

Grupo Clarín is the leading company in the audiovisual broadcasting and programming segment. Through ARTEAR, it exploits the license LS85 TV Canal 13 Buenos Aires, one of the two largest broadcast television channels in Argentina, in terms of advertising and audience share. It also has a presence in broadcast television stations in Córdoba (Telecor), Bahía Blanca (Telba), and Bariloche (Bariloche TV). Grupo Clarín also produces cable television signals.

Its role in the production of audiovisual contents includes agreements and equity interests in benchmark TV and film producers, such as Pol-Ka Producciones and Patagonik Film Group. Grupo Clarín also owns prominent radio stations, such as Mitre AM 790, La 100 (FM 99.9), both in Buenos Aires, and Mitre AM 810 in the province of Córdoba. Grupo Clarín also has a strong stake in sports commercialization and broadcasting rights, directly and through joint ventures.

Out of Grupo Clarín's total sales in 2017, the Broadcasting and Programming segment accounted for Ps. 6.5607 billion, taking into account intersegment sales.

ARTEAR

In a scenario marked by industry challenges and strong competition, ARTEAR was able to achieve its goals in 2017.

Total audience share decreased by 4.5% compared to the previous year, while broadcast TV audience share decreased by 11.8%. Nevertheless, the three tv shows that led audience ratings during the year were aired by El Trece. Those shows were *Showmatch*, *Las Estrellas* and *Periodismo para todos*. They were followed, in terms of audience ratings, by *Susana Giménez*, *El Sultán* and *Josué and la tierra prometida*, the three of them aired by the competition.

The average rating achieved by El Trece during 2017 was virtually equal to that achieved by its main competitor, Telefe. They both maintain their leadership in the broadcast TV market share of around 68%.

El Trece led the prime time (Mondays through Sundays from 8 PM to 12 AM) and achieved an annual average of 11.2 rating points, which accounted for a 37.3% share in the time slot with the largest advertising revenues because the net seconds during prime time are the most expensive. This ratio was reflected in the business market segmentation "BC", composed by higher income households.

As to entertainment shows, the following stood out in El Trece: the show *ShowMatch*, the fiction *Las Estrellas* produced by Pol-Ka, and Lunch and Dinner with Mirtha Legrand. ARTEAR

continued to produce journalistic contents. El Trece airs four daily news programs Mondays through Fridays: *Arriba Argentinos*, *Noticiero Trece*, *Telenoche* and *Síntesis*. For many years now, they stand out for their journalistic rigor and for the quality of its productions. In addition, Jorge Lanata and his team continued with *Periodismo Para Todos*, a weekly program that produces investigative Journalism.

In the cable TV segment, ARTEAR has informative and entertainment signals. The Spanish language music signal “Quiero Música en mi Idioma” was quick to lead audience ratings in the music genre. “Volver” offers the best of classic and vintage Argentine films and television shows. In addition, Canal (á), a signal that offers arts, cultural and show business programs, mainly in Buenos Aires, is operated by ARTEAR.

TN is a news signal and its programming is based on ongoing news programs and a varied general interest programming comprising music, technology, politics, stories, investigations, economy, show business, among others. The highlights of this signal are *A Dos Voces*, co-hosted by Edgardo Alfano and Marcelo Bonelli; *Desde el Llano*, hosted by Joaquín Morales Solá; *Juego Limpio*, hosted by Nelson Castro; *TN Central*; *Los Leuco*, hosted by Alfredo and Diego Leuco; and *TN de 6 a 9*, hosted by Roxy Vázquez and Sergio Lapegüe.

In 2017, ARTEAR's signals managed to consolidate its position and audience levels. Todo Noticias (TN) once again led audience ratings above all the cable TV signals of Argentina with 2.5 average rating points and a 35% share against the rest of the news signals. The signal Quiero increased its average audience rating to approximately 28%, thus achieving 0.36 rating points.

In the digital arena, the sites El Trece, TN, Ciudad.com, FashionTV and Cucinare.tv lead each of the categories to which they belong and its mobile applications, focused on multimedia contents, are among the most downloaded applications in their respective categories. ARTEAR's social networks have the largest number of followers and spur the highest interaction in the industry. TN news are read by more than 5 million people every day on its networks and more than 1 million users interact day after day through the respective profiles in the social networks of Ciudad.com.

In 2017, TN's application for Android and iOS received an award for providing the best mobile news service, granted by the World Association of Newspapers (WAN) at a world and regional level. In addition, TN received awards in other two categories at the LATAM Digital Media Awards, presented by WAN.

ARTEAR is no longer just a broadcaster, it has become a content generator for multiple distribution platforms. Thus, ARTEAR was forced to invest in more and better technology. Upon the construction of the new multiplatform content production center, this year ARTEAR introduced new projects. In 2017, ARTEAR replaced the analog mixing console located in studios B and C with state-of-the-art digital consoles; it began the transition to the production of contents in 4k UHD with the incorporation of 28 new cameras with this technology; and it continued with the virtualization of workstations, which allows to define user profiles to suit their needs.

In addition, ARTEAR expanded Telecontrol, a system that records the signals to audit the content broadcast for all the signals operated by this company. It also upgraded the video compression systems to improve the quality of streaming.

In 2017, Pol-Ka created many productions. The highlight during eltrece's prime time was the daily fiction *Las Estrellas*, starring Marcela Kloosterboer, Natalie Pérez, Celeste Cid, Violeta Urtizberea and Justina Bustos. It ended the year as the fiction with the highest audience levels, becoming very popular both on broadcast TV and in social networks. It also produced for eltrece the daily fiction *Quiero Vivir a tu Lado* during the first quarter of the year.

Pol-Ka, ARTEAR, Cablevisión and Turner teamed up to produce for the first time in Argentina fictions for different platforms and modalities. Together, they produced *El Maestro* and *La*

Fragilidad de los cuerpos. They also executed an agreement with Televisa to produce *Divina*. In 2017, the third season of *Soy Luna* was produced for Disney and Pol-ka premiered *El Jardín de Bronce* for HBO Latinoamérica. Finally, another highlight was the multiplatform production and the joint work of ARTEAR, TN y Pol-ka for the project *De Barrio, Comida e Historias*, hosted by Eddie Fite.

ARTEAR controls Canal 12 of Córdoba, 6 of Bariloche and 7 of Bahía Blanca. All of those signals invest heavily in journalistic and entertainment contents. They have solid audience shares and a good outlook.

During 2017, Inversora de Eventos S.A. (IESA) continued to exploit the sports audiovisual content generation business through its subsidiaries Tele Red Imagen (owner of the signal TyC Sports), Televisión Satelital Codificada S.A. and Auto Sports S.A. / Carburando S.A. The last two companies exploit the comprehensive business of motor racing in Argentina and are also holders of the rights to broadcast the SUPER TC2000 and TC2000 sports categories.

Mitre

Mitre AM 790 focuses its programming on strong journalistic productions supported by the high credibility and professionalism of its team.

The first morning radio talk show is hosted by Marcelo Longobardi and the team of *Cada Mañana*, from 6 AM to 10 AM. It has maintained its leadership since the first day and reached unprecedented peaks in audience share of more than 50 points, a record high for Radio Mitre. After that show, Radio Mitre airs *Lanata sin Filtro* from 10 AM to 2 PM, which leads audience shares and is hosted by Jorge Lanata, Diego Leuco and a large team of specialists. The program can also be watched in high-definition at radiomitre.cienradios.com. In addition, in the afternoon slot (from 2 PM to 5 PM), *Encendidos en la tarde*, hosted by María Isabel Sánchez, Rolo Villar and Tato Young, is a fun afternoon show that combines information, humor and interviews.

From 5 PM to 7 PM, Alfredo Leuco hosts *Le doy mi palabra*. His editorials are very popular and his show achieved high audience levels during the year. *Pensándolo Bien*, hosted by Jorge Fernández Díaz, begins at 8 PM. It stands out for his committed editorials and a thorough analysis of reality. At 10 PM, Cristina Pérez and her team host *Confesiones en la Noche*. A show that deals with different current topics and also with history topics.

On the other hand, *Mitre Informa Primero* is still the most awarded radio news service of Argentina. It received once again the Martín Fierro award. It has a team of journalists, announcers and outside broadcasting units that keep its audience informed 24/7.

La 100 closed the year 2017 leading audience shares, with over 13 points. It combines famous artists and an ideal mix of music and innovative contents. During the year, Santiago del Moro led morning audience ratings, from 6 AM to 9 AM, with *El Club del Moro*, a program co-hosted by Maju Lozano. Guido Kaczka and Claudia Fontán host *No está todo dicho*, which is now aired in the second morning slot from 9 AM to 1 PM. Ronnie Arias hosts *Sarasa*, from 1 PM to 5 PM, a casual radio magazine with a fresh style. Afterwards, Sergio Lapegüe hosts *Atardecer de un día agitado*. The show *Románticos*, aired from 8 PM to 12 AM, ranked first and second in audience ratings within its time slot. In addition, La 100 hosts acoustic concerts with the most renowned musicians.

Cienradios is the most prominent on-line radio content platform in Latin America. It offers 500 playlists of all the singers and genres. Users can choose their favorite music and receive recommendations related to their preferences. It offers broadcast radio stations and has alliances with third parties.

After a year of hard work, in 2017 the company launched Match 100, the only one of its kind worldwide. Through la100.com.ar, each listener can choose the music genre he/she wants to

listen to during each program. Match 100 became very popular and had more than 118,000 unique users in December.

Mitre 810 is the radio with the second highest audience share in the province of Córdoba. With a permanent team in the city and its own news service, *Mitre informa primero*, Mitre AM 810 develops comprehensive coverage of news comprising Córdoba, Argentina and the world. Its programming includes hosts, such as, Jorge "Petete" Martínez, Rebeca Bortoletto, and Juan A. Mateyko. In 2017, Pablo Rossi began hosting *De Mañana* every day from 10 AM to 2 PM. By mid 2017, Omar Pereyra began hosting *Siesta animal* from 2 PM to 5 PM.

Audience:

Mitre AM 790 closed the year 2017 with an audience share of 43.6 points leaving behind its competitor with a 30-point gap. Mitre maintained its leadership throughout the year, with over 1 million listeners.

La 100 closed the year leading audience share with over 13 points, reaching over 1 million listeners.

Mitre AM 810 has the second highest audience share in Córdoba, with an approximately 25% share at the end of 2017.

DIGITAL CONTENT AND OTHER

Out of Grupo Clarín's total sales in 2017, this segment accounted for Ps. 1.738 billion, taking into account intersegment sales.

Digital Content

During 2017, Compañía de Medios Digitales (CMD) underwent a profound reorganization. It comprised changes in management and the sale of the equity interest in one of its controlled companies (Tecnología Digital S.A.) as part of the restructuring of its business portfolio. In addition, the Company developed synergies with Comercializadora de Medios del Interior (also a subsidiary of Grupo Clarín) towards an operating merger. This process included unifying strategies, sharing the same head office and unifying the teams of each area of both companies.

During 2017, CMD became the holder of a 100% equity interest in Interwa, a company engaged in the creation and maintenance of tourism web sites. CMD engaged its own personnel in the operations in San Martín de los Andes after the exit of the minority shareholders.

Through its 51% interest in Clawi S.A., CMD develops Mundo Gaturro, a successful on-line game, which has become the largest on-line community of children in Argentine history with more than 19 million registered users in Latin America and more than 1 million children playing each month. It continued with its expansion process to other countries and increased traffic in Chile, Peru, Mexico, Colombia and Spain. During 2015, the company launched *Mundo Gaturro App*, which allows users to switch from their computers to their mobile devices. This project was fully developed in-company. During 2017, the Company executed agreements with the most popular soccer teams of Argentina, Boca Juniors and River Plate, in order to find new ways of establishing bonds among the users of Mundo Gaturro.

QB9 S.A. is a leading company engaged in the development of casual video games in Latin America, with a team of professionals that design and produce on-line games, as well as desktop, PSP and iOS games.

Electropuntonet S.A. is the first Argentine company that sells 100% of its home appliance products online (Pure Player). Its website offers its customers mechanisms to purchase,

securely pay and receive their products. In addition, Electropuntonet acquired in 2016 certain assets of Meroli S.A., a renown chain of the province of Córdoba specialized in the off-line sale of home appliances. This allows it to engage in a change of scale in that business niche.

CMD holds 100% of the capital stock of Fynbar, a company domiciled in Uruguay. It is engaged in the commercialization of on-line games and the advertising intermediation between advertisers and site networks. During 2015, Fynbar executed an agreement to authorize the use of the rights to a digital game with the company Leo Messi Management SL.

CMD held 97.93% of the capital stock of Tecdia, a company fully engaged in e-business development, with a special focus on tourism platforms and on the digital photo development business. Following its business strategy, by the end of September 2017, CMD decided to sell its equity interest.

Other Services

Gestión Compartida is a company engaged in providing comprehensive solutions to meet the management and operational needs of companies, which allows its customers to focus their efforts and resources on the activities that represent their core business. Each area has professional and technological resources and operates in Argentina and several countries of South America, with a working team of more than 500 professionals.

Today, GC Gestión Compartida S.A. serves over 100 companies from different industries, size and origin.

During 2017, Gestión Compartida doubled its sales to companies that are not related to Grupo Clarín and recorded a general sales growth of approximately 54% compared to the previous year, derived from a greater volume of services.

Revenues from the Risk Management business continued to increase in all of its products: Cars, work risk insurers, and small-and-medium sized companies. In the payroll market, Gestion Compartida achieved a 50% market share, thus becoming the main operator in this business.

Ferias y Exposiciones

Ferias y Exposiciones Argentinas S.A. (FEASA) is mainly engaged in the organization of events, conferences and fairs.

In 2012, FEASA executed an agreement with S.A. La Nación for the creation of a joint venture (UTE, for its Spanish acronym) to organize Expoagro, the annual outdoor agro-industrial fair, gathering agricultural producers from Latin America and highlights the production potential of Argentina. Hundreds of agricultural state-of-the-art machines and equipment used are tested at the fair.

Created in 2016, Exponenciar S.A. 's main shareholders are Ferias y Exposiciones Argentinas S.A. and Publirevistas S.A., with equal equity interests, and it is mainly engaged in the organization of Expoagro. The fair has been held once a year in the City of San Nicolás at a fixed location for 15 years. In 2017, there were over 380 exhibitors and over 140,000 visitors.

Exponenciar organized the Fair Caminos y Sabores at La Rural, which was held on July 6-9, 2017. Caminos y Sabores is a fair that was originally launched by FEASA and is intended to foster Argentina's gastronomy and handicrafts and to promote the region's major tourist destinations. Caminos y Sabores has consolidated itself as one of the fastest growing fairs. The twelfth edition was attended by 70,000 visitors and had over 400 exhibitors.

During 2017, Exponenciar launched the first edition of Aliment.AR, which was held on November 8-11 at Tecnópolis. The exhibition sought to generate a space to show the

exportable supply of food, both of Argentina and Latin America. There were over 200 international purchasers, which generated businesses for USD 300 million.

CABLE TELEVISION, INTERNET ACCESS AND TELEPHONY SERVICES (discontinued operations)

As a result of the corporate spin-off effective as of May 1, 2017, Grupo Clarín operated until that date Cablevisión, one of the main regional cable television and broadband systems. This segment's revenues mainly derived from monthly subscriptions to cable television service and high-speed Internet access, through Fibertel. Its revenues also derived from connection and advertising charges, sales of premium and pay-per-view programming, digital packages, DVR, high definition (HD) signal packages, VOD (Video On Demand) services, the recently launched Flow services, and the magazine.

As of December 31, 2017, Cablevisión cable network passed through approximately 7.9 million households and provided a bi-directional broadband capacity of more than 750 MHz at approximately 80% of cabled households. Through these networks, it not only offered cable and broadband Internet access services, but also value-added products and services.

Cablevisión has cable networks in the metropolitan area of Buenos Aires, a unit that includes the City of Buenos Aires, suburban areas and that, together with the City of la Plata, make up the "AMBA Region". In addition, it operates in other cities of the provinces of Buenos Aires, Santa Fe, Entre Ríos, Córdoba, Corrientes, Formosa, Misiones, Salta, Chaco, Neuquén and Río Negro. In addition, through its subsidiary Telemás S.A., the Company provides services in Uruguay.

As of December 31, 2017, Cablevisión had 3.91 million customers in Argentina (2.19 million customers received broadband services, and 3.52 million, cable television), and 142,600 in Uruguay.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Our Commitment

Since our foundation, Grupo Clarín has been aware of its social responsibility as a company and as a medium. Our commitment to society is an inherent part of Grupo Clarín's activities. Grupo Clarín's media and journalists work day after day towards fulfilling and consolidating the citizens' right to information, fulfilling its duty to inform with honesty and accuracy and combining high credibility rates with a comprehensive journalistic and entertainment offering, based on a deep knowledge of the audience. The Company has established multiple channels for communicating and interacting with its different stakeholders in order to respond to their expectations and boost the positive impacts of its initiatives.

Transparency, Standards and Guidelines

Grupo Clarín's values and principles are outlined in the Company's Code of Ethics and in the *Guía para la Acción*, a document that proposes models for management, organization and roles, and outlines Grupo Clarín's policies and procedures concerning labor, the environment and human rights.

Ethics manuals and editorial guidelines on news coverage, including internal rules and commitments to journalistic quality and the fulfillment of communicators' responsibility, are the guiding principles of the several activities developed by news and entertainment companies.

During 2017, the Company implemented the main pillars of its Social Corporate Responsibility and Sustainability Policy in order to extend best practices and set common goals within the organization and its subsidiaries.

Since 2004, the Company has adhered to the United Nations Global Compact in order to systematically address the 10 guiding principles to sustainable management.

In 2017, Grupo Clarín presented its second Sustainability Report, which is the only one issued by a journalistic company in Argentina, leading the way towards transparency and sustainability in the sector. This annual report reflects the Group's environmental, social and economic performance. It discloses year-on-year information and follows the international guidelines of the Global Compact, the Global Reporting Initiative (GRI) G4 Guide and its Media Sector Supplement. The Company identified its contribution to the specific targets of the 17 Sustainable Development Goals set by the United Nations and used the ISO 26,000 Social Responsibility International Standard to integrate social responsibility into its management. In order to identify the most relevant issues to its business and to its stakeholders, it followed the AccountAbility 1000:AA1000SES Stakeholder Engagement Standard. The material indicators were verified by an external independent auditor.

Independence and Transparency

Independence is at the core of Grupo Clarín as a guarantee of the freedom to exercise the journalistic role of its media in the Argentine democracy. Independence is also an assumed responsibility, a way of exercising and guaranteeing rights and a condition required to ensure sustainability from the Company's standpoint.

The Company has established a business with a diversity of revenues that contributes to generating conditions to inform without any conditionings and thus sustain its independence.

Business and editorial functions are clearly separated at Grupo Clarín's media. Special emphasis is placed on the fact that journalists are completely detached from the sale of advertising so as to allow for the exercise of journalism, free of any conditioning factor. In addition, Grupo Clarín's media specifically focus on the distinction between advertising and editorial space.

Independence requires transparency. Hence, the information about Grupo Clarín and its subsidiaries, media, shareholders, activities, revenues and investments is public and is available at its website, its weekly newsletter at the web site of the Argentine Securities Commission, and at the diverse communication channels with the public, audiences and readers.

In this regard, Grupo Clarín stands out in an environment where most Argentine media companies fail to publicly disclose their financial statements, the sources of their revenues, and in some cases fail to reveal the identity of their respective owners.

Information on Sustainability

In line with its Social Corporate Responsibility and Sustainability Policy, Grupo Clarín identifies the material aspects of its activities following international social responsibility standards applicable to the media, particularly, the GRI's guidelines, and in accordance with the expectations of its multiple stakeholders.

As to the scope of the information provided in this section, labor indicators include all of Grupo Clarín's subsidiaries, pursuant to the accounting criteria followed in the financial statements presented together with this Annual Report, with the addition of Trisa S.A. Environmental performance refers to production or scale operations in which disclosing this kind of information is material. Similarly, some content-related indicators are exclusively applied to subsidiaries engaged in journalistic or entertainment broadcasting and programming activities. As to other indicators, for instance, those related to certain community engagement programs of Grupo Clarín or its subsidiaries that require comprehensive and detailed impact assessments, the information provided is mostly related to the core of the activities inherent to the Metropolitan Area of Buenos Aires, due to the complexity and extension of the processes involved in reviewing and verifying periodic information.

The Voice of the People

Grupo Clarín's media companies have assumed a long-standing commitment to audiences and readers. Grupo Clarín's sustained leadership and the privileged position of its products as the people's preferred choice are attributable to its ability to anticipate media consumption trends, paired with its capacity to understand their needs and meet their requirements.

Grupo Clarín's media foster the interaction with its public and audiences, enhancing listening and discussion channels and tools. Applications, social networks, letters from the readers, surveys, contests, spaces for opinion, suggestions and comments are expressed through multiple open spaces for content created by the people and for the free expression of the entire diverse and plural society.

During this period, at a corporate level, Grupo Clarín also offered multiple communication and interaction channels to discuss specific institutional issues, such as weekly newsletters and websites and social networks, in order to share the latest updates with accuracy and transparency.

Grupo Clarín also intends to give a voice to small communities and to foster the development of local content. It has two of the most important regional newspapers of Argentina, La Voz del Interior in the province of Córdoba and Los Andes in the province of Mendoza, and the broadcast channels in Buenos Aires, Bahía Blanca, Córdoba and Río Negro. In addition, the news signal TN offers nationwide coverage and is present in the significant events that take place in every province of Argentina. In addition, ARTEAR contributes to the development of the regional channels Somos of Cablevisión. They make a joint effort to contribute to the gradual renewal of local news programs in over 30 locations of Argentina.

Social and Sustainability Coverage

Grupo Clarín sets goals to guarantee the quality and pluralism of its contents. Grupo Clarín' newspapers and news programs offer comprehensive coverage of news and relevant social and environmental issues. They also have a long-standing and respected reputation for journalistic research.

Special supplements, experts' and scholars' opinions, on-site news coverage, journalistic talent and the quality of the images and infographics complete the broad variety of issues addressed by Grupo Clarín. These include health, consumption and development, science, education and preservation.

Acknowledging the importance of reflecting diversity, fostering social justice, protecting the youth, encouraging minority recognition and avoiding discrimination on the basis of race and gender are key actions to create content in the media in a responsible fashion.

An example of this commitment is the adherence of the main media companies of Grupo Clarín (Diario Clarín, eltrece and the newspaper La Voz del Interior) to the ONU's Step It Up for Gender Equality Media Compact, which seeks to contribute to the eradication of inequality between men and women. This compact provides for seven guidelines, which boil down to the creation of gender-sensitive contents and the promotion of internal policies that ensure gender equality.

In addition, Grupo Clarín published the supplement *Gestión Sustentable* (Sustainable Management), together with Diario La Razón, to make readers think about the most prominent issues of the sustainable development global agenda and to report on social and environmental responsibility actions carried out by companies and organizations of the civil society.

Civic Involvement and Contribution to Development

Grupo Clarín seeks permanently to improve its role in the promotion of the public debate thoroughly describing the social, economic and environmental challenges faced by society with diversity of opinion. The columnists and anchors encourage audiences to engage in the discussion of the different topics from the social networks and digital platforms.

The Company also sought, once again, to foster values such as solidarity and community commitment. Through ARTEAR, in 2017 the Company launched a new edition of "*Abanderados de la Argentina Solidaria*", an award that recognizes the work—that would otherwise go unnoticed— done by social entrepreneurs and community leaders, by communicating valuable initiatives, that foster social transformation and may be replicated. The initiative is supported by Ashoka and Fundación Navarro Viola and a panel of outstanding people from the social, academic and cultural sectors.

Grupo Clarín also renewed its support for the traditional *Un sol para los chicos*, together with ARTEAR and UNICEF. The campaign is one of UNICEF's main sources of revenues in the country and seeks to boost individual donations to social causes in Argentina. In 2017, the Company held the 26th edition and raised Ps. 75,347,959 among contributions made by individuals, companies and others, to be used in education and social programs aimed at children and young people.

Community Engagement and Social Advertising

Grupo Clarín's impact on and relationship with the community and people goes beyond the boundaries of its editorial coverage. The support to vulnerable communities, the coordination of educational projects, and the organization of campaigns to address social issues or to help areas that were hit by natural disasters, paired with Grupo Clarín's sustained commitment evidenced by several types of donations and knowledge transfer, are just some examples of the initiatives organized and fostered by Grupo Clarín's media companies, either jointly or individually.

With respect to social advertising, during 2017, Grupo Clarín, through several of its media companies, donated a significant amount of advertising time and space to foster causes related to social, civic and environmental issues. The Company achieved this through its own social investment programs or within the framework of strategic alliances with organizations of the civil society.

Advertising space donated in 2017 on Grupo Clarín's media.

Radio and Broadcast and Cable TV	459,227 seconds
Pages in newspapers and magazines	209.29 pages
Online Banners	129,804,355

The estimated impact of these in-kind contributions allocated to public welfare messages accounts for the equivalent to a social investment of Ps. 190,540,003.

This was coupled with the social investment budget developed by the business units and the one developed by Fundación Noble, which stood at Ps. 6,490,685 in 2017. Hence, the total cash and in-kind contributions represent in the aggregate a contribution of approximately Ps. 197,182,498.

In addition to providing financing, resources, capacity and experience in the promotion of socially valuable initiatives, Grupo Clarín also relies upon third parties to secure regular sponsorships and donations within the framework of strategic alliances related to the sponsored initiatives.

Fostering Education and Culture

As part of its initiatives in support of education, Grupo Clarín used its cross-segment position and its ability to communicate with society to raise awareness of the importance of education as a right and as a critical element in Argentina's future social development. In this sense, it also seeks to foster equal opportunities in education through its publishing company Tinta Fresca with the generation of updated, affordable and quality educational materials for students, teachers and schools throughout the country.

One of the most prominent initiatives is the award "Premio Clarín- Zürich a la Educación". In its ninth edition, this award to education recognized the best primary and secondary school teacher training projects. The first prize consisted of Ps. 250,000 to develop the project. In addition, there were three honorable mentions which received Ps. 70,000 each. During this period, through the Noble Foundation, the Company continued to donate bibliographical material, and renewed its support to public schools named after the founder of Diario Clarín, Roberto Noble (Escuelas Roberto Noble.)

Noble Foundation's Donations of Educational Material

	2017	2016	2015
Books	18,830	39,022	43,391
Magazines	10,341	9,325	7,212
Manuals	1,804	1,250	420

Again this year, the Company sponsored the annual Maratón de Lectura (Readathon) initiative, organized by Fundación Leer, with the participation of over 5 million children. The event received the donation of 12,176 books published by Clarín and the Readathon was promoted through a broad advertising campaign.

Grupo Clarín and its subsidiaries have also renewed their commitment to culture through several sponsorships to important events and entities, such as, *Feria del Libro* (Book Fair), la Fundación Proa, Malba and Teatro Colón. The Company also sponsored the 2017 season of Teatro Maipo, the presentations in Argentina of Les Luthiers, as well as the campaign “*Vení al teatro*” organized by *Asociación Argentina de Empresarios Teatrales* (AADET, for its Spanish acronym), aimed at developing, promoting and reinforcing the emotional bond between the public and the theater. It also participated in the promotion of national films. In 2017, Clarín held a new annual edition of Premio Clarín de Novela, awarded to Agustina Bazterrica, for her book *Cadáver exquisito*, a story of people that eat themselves. The winner received Ps. 300,000 and got her book published. Grupo Clarín also sponsored a series of concerts organized by Buenos Aires Lírica Foundation and the VI International Ballet Gala and Centro Histórico Teatro Colón. It also sponsored music concerts for solidarity purposes.

Through its cable and broadcast TV signals, Grupo Clarín's companies make significant efforts to promote the most relevant cultural, motion picture and sports events. Such efforts are an increasing contribution to cultural diversity and local identity. Of particular note are initiatives such as Volver, the cable TV signal that keeps Argentina's most complete programming archive.

Media Literacy and Protection of Young Audiences

Through several programs, Grupo Clarín encourages children and young people to develop media access tools through critical thinking and to leverage the opportunities provided by the media and technology to explore their identity, creatively express their ideas and make their voices heard.

Media literacy is generally defined as the ability to access to, analyze, respond with critical thinking and benefit from, the media. Grupo Clarín's main tool to foster media literacy is its support of *Los medios de comunicación y la educación*, (Education and the Media), a pioneer program widely recognized abroad that has been developed for more than 30 years by the Noble Foundation. The program consists of classroom workshops and special educational content suited to the needs of teachers and students oriented to foster a critical approach to the media and their use as resources that supplement formal education. Since the inception of the program, more than 550,000 students have participated in the program.

The program “*La educación y los medios de comunicación*”

	2017
Workshops for teachers	26
Workshops for students	262

In 2017, in addition to the face-to-face workshops, the company gave 13 e-courses with the participation of 231 teachers. In addition, the Company held the cycle of seminars called “*Educación y las emociones: un desafío para la escuela*”, which were broadcast via streaming with the participation of 300 teachers from all over the country. Emotional education in children is key to prevent and address school violence situations, solve conflicts, get to know the students, improve learning and benefit the coexistence in the classroom and the quality of life in the community.

These initiatives program are supplemented through other initiatives related to the promotion of responsible content consumption. In connection with the development of digital entertainment contents, the Company contributes to the protection of vulnerable audiences. For example, in the website Mundo Gaturro, we set a specific goal: creating a safe and fun environment, where children can play, have fun and learn free from any risks. For such purpose, a permanent moderation system is combined with two different security levels, which may be configured by parents: a high security chat (for children who have just started to use the platform) and a standard chat (an environment for children to use a safe social network.) In addition, Grupo Clarín strictly respects the schedule of protection to the minor in TV across all of its signals, in addition to the required specification of contents that are not suitable for all audiences.

The Company also addresses responsibly children's artistic participation in the television and film industry; a category for which the ILO establishes a special treatment different from the rest of the professional categories. For this purpose, special emphasis is placed on compliance with the applicable standards in force, while adhering to internal guidelines that set limited activity schedules, protection and promotion of school education and active involvement of parents and tutors.

Excellence in Journalistic Training

In order to reaffirm the commitment to journalistic excellence, Grupo Clarín also carried out activities aimed at consolidating the training and excellence of current and future communicators.

In this sense, the Company provided support to the Masters Degree in Journalism, an international graduate course with the highest academic level, organized by Grupo Clarín and the University of San Andrés, with the participation of the School of Journalism at Columbia University and the University of Bologna. It is led by renowned national and international journalists and academics.

In 2017, for the sixth consecutive year, the Company sponsored the Graduate Program in Digital Journalism organized by Universitat Pompeu Fabra, TN and Google, which reinforces our commitment to enhance the quality of professionals in the 2.0 world.

The Environment

The Company continued to implement measures to identify, plan for and improve production processes in order to optimize results and react to potential impacts. Progress was made in achieving the period's goals by introducing sustainable methods to obtain and use resources, developing equipment investment policies, raising active awareness on the appropriate use of supplies and technologies and promoting the adoption and certification of environmental standards.

Since 2004, Grupo Clarín has adhered to the United Nations Global Compact that sets forth several environmental protection standards. In addition, Grupo Clarín's Social Corporate Responsibility and Sustainability Policy serves as a management guideline and drives the definition of goals for its subsidiaries. This is reflected in the environmental policies adopted by its subsidiaries, such as the one implemented by AGEA in 2012, which combines the improvement of environmental management with ISO 14001 certification and implementation for its production processes.

In this context, during 2017, AGEA updated its Environmental Policy in accordance with the 2015 version of the ISO 14001. This standard sets out that apart from taking into consideration the production site, companies should consider the context and the relevant stakeholders that may be affected.

Consumption of Materials

Within the framework of an environmental management policy oriented to eco-efficiency, the Company and its subsidiaries mainly use energy, newsprint, ink, among others.

Consumption in 2017

Paper related to the production of newspapers	36,932.66 Tons
Office paper	98.17 Tons
Ink	721.03 Tons
Aluminum plates	134.34 Tons

At the printing plants, the Company followed established guidelines to ensure the provision of materials at quality levels compatible with international standards for newsprint, inks and other specific inputs.

Papel Prensa, a subsidiary in which Grupo Clarín owns an indirect minority interest, supplies most of the newsprint used in newspaper printing.

Papel Prensa has put in place production policies based on the procurement of strategic inputs without depleting natural resources. Fiber comes from sustainable plantations. This is combined with ongoing research studies conducted concerning genetic enhancement of tree species in order to boost productivity, cut costs and guarantee ecosystem sustainability. As part of the sustainable process, the quantity of virgin raw materials is reduced through the recycling of returned newspapers and recovered paper acquired locally and regionally.

As to the types of inks used at the printing facilities, the diverse variety of printed products requires a varied approach from the perspective of resources. For instance, the use of vegetable-based coldset ink at the Company's main printing facility, accounts for over 80% of total use of the input. This type of ink, which can be used in bond paper, is environmentally friendlier due to its vegetable components and its efficiency in terms of the amount of ink required to print, which may be 10%-15% lower than other inks.

On the other hand, the newspaper size adjustments introduced in previous years continue to reduce the use of newsprint and other materials.

Power is the main additional resource used by Grupo Clarín and its subsidiaries. Grupo Clarín uses power from direct and indirect sources. Even though the Company has alternative power generators in place for offices and industrial facilities that require fuel, the main indirect consumption is the electricity provided by the power supply network. The Company intends to ensure that a percentage of the power comes from non-renewable sources and is analyzing proposals to acquire or generate this type of power.

Direct and indirect use of power by primary source in 2017:

Electricity	152,436.94 GJ
Natural gas	22,947.36 GJ
Gasoline	5,373.33 GJ
Gasoil	5,507.67 GJ
CNG	105.61 GJ

Power consumption is more significant in printing activities and, to a lesser extent, in the business units related to the production of audiovisual contents.

Grupo Clarín has in place an Environmental Committee composed by the main business units. In 2017, the Company established a standardization of the environmental indicators to facilitate the development of metrics that will allow the company to calculate the efficiencies achieved, the environmental and economic impacts and do a follow-up of the performance of those indicators, as well as the initiatives and programs underway.

At the main subsidiaries, such as ARTEAR and AGEA, the Company conducted building refurbishments taking into consideration energy-consumption reduction factors, replacing lighting equipment with LED systems, installing air conditioners and intelligent elevators, among others.

Waste and Emissions

Grupo Clarín's subsidiaries develop most of their activities in urban areas that are not in contact with natural areas and that meet effective urban planning standards.

As to emissions, printing activities have the most significant impact on the carbon footprint among other services rendered by the Company. Therefore, the Company is exploring alternatives to improve processes and efficiency in these areas. In addition, the Company is further deepening its analysis and inventory of Co2 emissions generated by the activities developed by its subsidiaries, especially those related to logistics and transportation.

Total greenhouse gas emissions by weight in 2017

Direct emissions	1,888.34 Tn of CO2
Indirect emissions	22,530.78 Tn of CO2
Total emissions	24,419.13 Tn of CO2

Each subsidiary of Grupo Clarín identifies and manages waste production and disposal.

As part of the treatment of industrial waste from printing processes, the Company's subsidiaries collect and separate certain waste materials, such as ink, oil, grease and solvents, that are sent to third party facilities for their recycling, reuse or safe final disposal. Hazardous waste is subject to a rigorous treatment handled by licensed waste management companies. Fully reusable materials are used in the printing process, such as aluminum plates. At the same time, the Company continues to develop strategies to reduce hazardous waste, with measured goals and progress.

Total waste weight by type in 2017

Urban or non-hazardous waste	5,977.55 Tons
Hazardous waste	133.15 Tons

Effluents resulting from the printing facilities' development processes are subject to rigorous treatments and measurements before disposal. A water re-usage system was put in place at AGEA's Printing facility. Under its Environmental Management System, the Company significantly reduced effluents, which are only discharged in exceptional cases. At La Voz del Interior's printing facilities, waste water is subject to treatment and is then reused for irrigation at the Company's facilities. The figures in cubic meters disclosed below are mostly attributable to processed water that can be safely used for irrigation. The Company's office buildings and other facilities only discharge domestic waste water.

Total waste water discharge

at printing facilities in 2017	10,877.16 m3
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OUR PEOPLE

Grupo Clarín's success and leadership are mostly the result of the efforts, talent, professionalism and creativity of its employees. Grupo Clarín's media companies are among the preferred workplaces of communication professionals.

During 2017, the total number of employees was reduced as a result of the corporate spin-off. As of December 2016, a considerable number of the employees of Grupo Clarín belonged to Cablevisión S.A., which, as from May 1, 2017, started to be controlled by Cablevisión Holding S.A.

Total headcount as of December 31, 2017 = 5,948

Employees broken down by gender 2017

Male	Female	Overall Total
4,260	1,688	5,948

Employees broken down by type of employment and gender 2017

	Male	Female	Overall Total
Part-time	362	137	499
Full-time	3,898	1,551	5,449
Overall Total	4,260	1,688	5,948

Headcount Reduction Rate 23%

Employees broken down by type of contract and gender 2017

	Male	Female	Overall Total
Permanent employment contract	4,003	1,570	5,573
Fixed-term contract	257	118	375
Overall Total	4,260	1,688	5,948

In order to work in line with the identity and diversity of the subsidiaries of Grupo Clarín, in 2016, the Company consolidated the concept of the Multicultural Social Ecosystem (ESM, for its Spanish acronym), driven by the human resources community. This program seeks to align the actions, practices, knowledge and experiences of all the subsidiaries of Grupo Clarín, creating 25 cross-cutting projects. Among them, the following stand out: the development of a leadership model, optimization of benefits, talent management, remuneration, and quality of work life, among others.

The new leadership talent model was the result of a long process with the engagement of directors and managers between the years 2013 and 2016. They were faced with the challenge posed by new generations, the changes in consumption habits and the digital challenge in the ways things are done and in the way people live. During 2017, the Company trained all of its personnel with the model Talentos (Talents), placing a strong emphasis on those issues that are unacceptable for leadership positions.

Another key project, with the aim of facing the digital challenge, was the installation of the Human Resources Big Data. To this end, 10 companies are migrating to a state-of-the-art Human Resources Management System called Success Factors. This system follows the parameters prevailing in digital businesses: social, mobile, analytical potential and cloud storage. In this way, management has received a great boost, and its implementation will end in 2018.

The Company has its own structure in terms of the age and gender diversity of its employees. With respect to gender, there is a noticeably higher proportion of male employees, mostly on account of the high number of employees required in the technical areas of printing facilities. In

Argentina, technical specialties are predominantly elected by men, and that pattern is reflected in the payroll of this type of industry. The gender structure in the rest of the business segments of Grupo Clarín is well-balanced considering the total workforce.

During the last two years, the Company implemented a Diversity Committee to design a comprehensive diversity and inclusion program, undertaking a dual responsibility: As a company and as content generators.

In this context, the company established four approaches: Age and gender diversity, people with disabilities and, given the nature of the business, ideological diversity. In addition, it established eight dimensions to work on them: Inclusive communication; awareness; pay equity; recruiting and hiring; leadership training; professional promotion and development; work-life balance; workplace harassment and violence and working conditions.

As a result, one of the first measures Grupo Clarín implemented was the commitment to the Women's Empowerment Principles established by UN Women and the United Nations Global Compact. And its main media signed the Step it Up for Gender Equality Media Compact, which promotes the gender-sensitive editorial coverage and the promotion of internal policies to ensure equality.

On the other hand, within the framework of the *Premio Clarín Creatividad*, which celebrates the best display advertising of Argentina, the Company introduced the category Diversity to promote the creation of inclusive and diverse contents in the value chain of the print industry.

The Company continued to focus on promoting the incorporation of the age groups that find it more difficult to enter the labor market: First-time job seekers and people over 45 years old. Employee turnover is among the market's average rates, although the digital disruption has required the adaptation of our staffing and change of profiles to suit this new stage of news production.

The Company has an open dialog with union representatives to facilitate mutual understanding and conflict resolution. Employees freely exercise their right to unionize and are currently represented by several unions related to each of the activities developed by Grupo Clarín and its subsidiaries. Out of Grupo Clarín's total employees 66% is covered by collective bargaining agreements.

Taking care of the work environment and conditions, health and job safety and employee training to enhance their professional skills are some of the actions aimed at consolidating the sense of integration and achievement of organizational goals. In addition, during the year, the Company created a safety and health committee in order to continue standardizing working conditions and fostering an appropriate work environment.

During 2016, Grupo Clarín conducted the Internal Opinion Survey (EIO), which has been conducted since 1994 uninterruptedly. The whole Company is involved in this process, which purpose is that each Business Unit can visualize the status of the environment indicators to be able to work on them and improve the organizational environment. During 2017, each business unit worked on the three actions which they considered to be the most significant concerning the work environment.

During 2017, our corporate volunteer program called *Vos también* continued with the development of professional volunteer work and actions conducted by each of the Company's subsidiaries.

The main projects carried out during the year were the following: Blood drives, a project that seeks to foster solidarity in the area of health; volunteer actions to help people affected by floods, repairs at schools, awareness actions in connection with the Animal Day, among others. A cross-cutting action was proposed to Grupo Clarín's business units: *Fin de año en Familia*, which consists of collecting toys for low income families.

Vos También Volunteer Program in 2017

Volunteers	290
Participating social organizations	3
Direct beneficiaries	687
Hours of volunteer work	48
BUs involved	8
Provinces included	2

Benefits and Career Development

Even though a large number of benefits are common to all employees, each Business Unit grants additional benefits, which may differ based on their respective activities. During 2017, the

Company continued making progress with the subscription of its executive management to the long-term savings plan, effective since 2008.

During 2017, the Company continued to offer “*Nuestros Beneficios*”, a benefit platform aimed at all the employees of Grupo Clarín. It combines proposals from its business units to offer benefits and discounts.

In order to encourage a greater commitment and identity with the Company, it provided the 365 Plus card together with Diario Clarín.

The Company included more business units in the performance assessment program *Crecimiento de la Efectividad Laboral* (CEL, for its Spanish acronym) and focused on engaging greater commitment from employees.

Grupo Clarín focuses on investing in the training and development of its employees with two kinds of programs: On the one hand, the training programs of each Business Unit, focusing on the specific needs of each activity, whereby Grupo Clarín employees and professional staff can update and enhance their knowledge and skills through seminars, courses, graduate studies and MBAs.

On the other hand, Grupo Clarín offers the Corporate Training Program (PCF, for its Spanish acronym), which includes a wide range of training proposals. During 2017, the Company offered new alternatives to improve the performance of the analysts and middle management of all the companies of Grupo Clarín. During the year, 570 employees participated in the 28 courses given as part of the Corporate Training Program.

Training is focused on new tools and technological developments in order to adequately train employees on how to face the challenges imposed by the changes in the media industry. During this period, the Company offered more sessions of the course *Inducción a la Era Digital*, which seeks to shed light on the way in which technology has changed the world of business, generating big opportunities and challenges for the companies. In this sense, two other proposals stood out: One was conducted in association with Universidad de Palermo, *Negocios del Mundo Digital*, and *Modelos de Innovación en Negocios Digitales*, given to managers and directors of the Group in association with Universidad de San Andrés.

In order to train middle management and upper management and promote their key managerial competences and skills, in 2017, once again the Company offered the Management Development Program, at UADE Business School. Over 200 leaders of the Group's subsidiaries have graduated over 7 years. It offers knowledge and tools to improve management performance and strengthens the sharing of practices among company leaders. The Company also organized several training sessions, breakfast and lunch meetings and integration activities among different

areas of the Company that work together in order to strengthen internal communication and knowledge. In addition, during the period, the Company continued with the foreign language training program. Different groups were created to provide group classes in a dynamic and easy fashion so that participants may share their knowledge, grow together and boost their development.

In order to promote transparency in the filling of vacancies and promote the development of our employees, the Company implemented a program called Open In-House Job posting. This allows us to stimulate in-house motility among the subsidiaries of the Group, providing equity and transparency during the process for all participants.

During 2017, we continued to focus on the quality of work life. Grupo Clarín offered seminars and training programs about health issues and the prevention of illnesses and accidents, as well as other relevant topics, which supplemented the campaigns about health issues and medical check-ups. Several initiatives were implemented to promote safety and healthy lifestyle habits: Influenza vaccination and blood drives, meditation and yoga workshops, soccer tournaments, evacuation drills, healthy menus and talks about first aid. In addition, during 2017, the subsidiaries of Grupo Clarín continued to provide their employees free annual medical check-ups.

In order to contribute to the personal safety of our employees, 40% of our subsidiaries - such as AGEA, Autosports, the corporate areas-, provide their employees with a transportation service to the main access points of public transportation.

In 2017, the Company held once again Grupo Clarín Olympic Games, an event attended by more than 300 employees from different subsidiaries.

Work-Life Balance

In order to continue developing work flexibility actions, during 2017, the Company implemented as a benefit for employees the Flex Friday, massage, fitness centers in the corporate areas.

Other eight companies offer the possibility of doing teleworking. This is a growing trend and is being increasingly used by the companies. The goal of this modality is to strengthen the bond between the employees and the Company.

During 2017, we continue to strengthen our intension to generate more shared spaces. This is a key step in our goals regarding diversity and work-life balance. These initiatives allow the development of women at work and also promote the creation of a diverse workforce, apart from having a positive impact on the health of babies and on family bonds. Diversity provides for a combination of skills and intellectual, technical and emotional competences that have proved to be essential to boost the results achieved by organizations.

The goal is to open every year a new space for breastfeeding and reach 100% of our subsidiaries. In addition, this issue is reflected in the contents of our media, through campaigns and journalistic coverage. In this sense, this initiative follows our policy on the responsible management of contents which, together with the development of the positive effect of the social impact of communication, make up the key pillars of Grupo Clarín's sustainability strategy.

Relationship with the Value Chain

}Grupo Clarín's social responsibility management is embedded in its value chain, through a procurement policy that incorporates sustainability criteria. Grupo Clarín focused on the implementation of systems and procedures aimed at the application of best practices for purchases, employee hiring, and contracting with suppliers within a framework of supervision and transparency.

Through Gestión Compartida, a subsidiary engaged in managing the relationship with most of the Company's suppliers, the Company continued with the requirement for 100% of the new suppliers

to undertake a commitment to the sustainability of their operations, with a focus on respect for human rights, the environment and compliance with effective regulations.

RISK FACTORS

As an Argentine corporation, Grupo Clarín S.A. (the “Company”) is exposed to a wide range of risks related to the country and to its operations. The Company relies on a strong internal control system. The identification of risk and its assessment is part of the Company’s business plans, and is also addressed by a corporate based control department and by the Company’s board on a regular basis.

Risks Relating to Argentina

Overview

A substantial majority of the Company’s property, operations and customers are located in Argentina, and a portion of its assets and liabilities are denominated in foreign currencies. Accordingly, our financial condition, results of operations and cash flows depend to a significant extent on economic and political conditions prevailing in Argentina and on the exchange rates between the peso and foreign currencies. In the recent past, Argentina has experienced severe recessions, political crises, periods of high inflation and significant currency devaluation. Argentina experienced economic growth in the last decade, although according to INDEC’s official figures, the Argentine economy contracted in 2016 and recovered in 2017. Uncertainty remains as to whether the growth is sustainable, as well as how several factors would impact the Argentine economy, including among others, inflation rates, exchange rates, commodity prices, level of BCRA reserves, public debt, tax pressures and healthy trade and fiscal balances.

Devaluation of the peso may adversely affect our results of operations, our capital expenditure program and the ability to service our liabilities and transfer funds abroad.

Since we generate a substantial portion of our revenues in pesos (our functional currency), any devaluation may negatively affect the U.S. dollar value of our earnings while increasing, in peso terms, our expenses and capital expenditures denominated in foreign currency. A depreciation of the Argentine Peso against major foreign currencies may also have an adverse impact on the capital expenditure program of our subsidiaries and increase the peso amount of our subsidiaries’ trade liabilities and financial debt denominated in foreign currencies. Certain subsidiaries of the Company seek to manage the risk of devaluation of the peso by entering from time to time into certain NDF agreements to partially or completely hedge their exposure to foreign currency fluctuations caused by its liabilities denominated in foreign currencies (mainly U.S. dollars. The Company and certain of its subsidiaries also have financial assets denominated in U.S. dollars that contribute to reduce the exposure to liabilities denominated in foreign currencies.

The Argentine Peso has been subject to significant devaluation against the U.S. dollar in the past and may be subject to fluctuations in the future. According to the exchange rate published by the Banco de la Nación Argentina, in the year ended December 31, 2017 the devaluation of the peso against the U.S. dollar was 17.1% (compared to 21.9% and 52.5% in the years ended December 31, 2016 and 2015, respectively). The Peso lost 7.1% of its value against the U.S. dollar in the first two months of 2018.

On December 17, 2015, the current administration lifted many of the restrictions to access the foreign exchange markets ("FX Markets") and the multiple exchange rate system was unified into a floating rate regime. This measure permitted a practically complete replacement of the multiple exchange rate system applicable at that time for commercial and financial transactions in Argentina and the unification of the foreign exchange market under a single market-driven exchange rate.

Given the economic and political conditions in Argentina, we cannot predict whether, and to what extent, the value of the peso may depreciate or appreciate against the U.S. dollar, the euro or other foreign currencies. We cannot predict how these conditions will affect the consumption of products and services offered by our subsidiaries or our ability to meet our liabilities denominated in currencies other than the peso. Moreover, we cannot predict whether the Argentine government will further modify its monetary, fiscal, and exchange rate policy. If any of these changes takes place we cannot anticipate the impact these could have on the value of the peso and, accordingly, on our financial condition, results of operations and cash flows, and on our ability to transfer funds abroad in order to comply with commercial or financial obligations or dividend payments to shareholders located abroad.

Inflation could accelerate, causing adverse effects on the economy and negatively impacting our subsidiaries' margins.

In the past, Argentina has experienced periods of high inflation. Inflation has increased since 2005 and has remained relatively high since then. There can be no assurance that inflation rates will not be higher in the future.

On January 2014, a new consumer price index, the National Urban Consumer Price Index (Indice de Precios al Consumidor Nacional Urbano, or "IPCNU") was published with the aim of improving the accuracy of measurements of the evolution of prices in the Argentine economy. The IPCNU integrates a set of price indexes which allows for the monitoring of the change in several prices in the economy (wholesale, commodities and construction costs, among others) by considering the price information from all the provinces in Argentina. The IPCNU increased by 11.9% over the period from January to October 2015 (according to last available data); and by 23.9% in 2014. During the last few years there had been a substantial disparity between the inflation indexes published by the INDEC and the higher inflation indexes estimated by private consulting firms. The INDEC estimated that the Argentine wholesale price index increased by 13.1% in 2012, 14.8% in 2013, 28.3% in 2014 and 10.6% in the period of January to October 2015 (according to the last available data because INDEC has not yet disclosed figures for November and December 2015). The INDEC resumed publication of the wholesale price index beginning in 2016. The Argentine WPI increased by 34.6% in 2016 and 18.8% in 2017.

On January 8, 2016, the current administration issued Decree No. 55/2016 declaring a state of administrative emergency with respect to the national statistical system and the INDEC until December 31, 2016. During this state of emergency, the INDEC had suspended publication of certain statistical data (regarding prices, poverty, unemployment and GDP) until it completed a reorganization of its technical and administrative structure capable of producing sufficient and reliable statistical information. As of the date of this Annual Report, INDEC has resumed publication of mentioned statistical data, although for some indicators it has not disclosed or provided reestimated figures for certain time periods.

As a consequence of the mentioned events, the full year 2015 inflation measure for IPCNU index was not disclosed, and according to last available data (from October 2015) the IPCNU registered an increase of 11.9% over the January to October 2015 period. As alternative guidance to IPCNU, the authorities suggested that other measures should be observed, such as those published by the statistical entity of the Buenos Aires City (IPC CABA) and the San Luis Province that registered an annual increase of 26.9% and 31.6% in 2015, respectively. IPCNU

publication was resumed in June 2016 disclosing May 2016 monthly inflation figures, while data for the months in the period January to April 2016 remains unavailable. Taking this into account, IPCNu variation from May to December 2016 was 16.9% and, as alternative guidance, the indexes published by the Province of San Luis and the City of Buenos Aires from January to April 2016 represented an increase of 13.9% and 19.2%, respectively. During 2017, the INDEC published monthly IPC index regularly, registering an increase of 24.8% on a year-over-year comparison.

The Argentine government continued implementing several actions to monitor and control prices for the most relevant goods and services. Despite such actions, the Argentine economy continues to experience high levels of inflation. If the value of the peso cannot be stabilized through fiscal and monetary policies, an increase in inflation rates could be expected.

Since the majority of our revenues are denominated in pesos, any further increase in the rate of inflation not accompanied by a parallel increase in our prices would decrease our revenues in real terms and adversely affect our results of operations.

Also, higher inflation leads to a reduction in purchasing power, thus increasing the risk of a lower level of consumption of our products and services.

Future policies of the Argentine government may affect the economy as well as the operations of our subsidiaries.

The Argentine government has historically exercised significant influence over the economy. Provinces have increased their tax rates, particularly the turnover tax rates, resulting in the highest rates in Argentine history and such increases may continue.

Since assuming office on December 10, 2015, President Macri has undertaken several economic and policy reforms. As of the date of this Annual Report, the long-term impact that certain of these measures and any future measures taken by the current administration will have on the Argentine economy as a whole cannot be predicted. We believe that the effect of the planned liberalization of the economy, the reduction of the poverty and the integration of Argentina to international markets, will be positive for our business by stimulating economic activity. However, it is not possible to predict such effect with certainty and such liberalization could also be disruptive to the economy and fail to benefit or harm the Argentine economy and our business in particular.

We cannot assure you that the Argentine government will not adopt other policies that could adversely affect the Argentine economy or our business, financial condition or results of operations. In addition, we cannot assure you that future economic, regulatory, social and political developments in Argentina will not impair our business, financial condition or results of operations, or cause the market value of our common shares to decline.

The Argentine government may exercise greater intervention in private sector companies.

In November 2008, through Law No. 26,425, Argentina nationalized its private pension and retirement system, which had been previously administered by the AFJP, and appointed ANSES as its administrator. Argentina's nationalization of its pension and retirement system constituted a significant change in the Argentine government's approach towards Argentina's main publicly traded companies. A significant portion of the public float of these companies was owned by the AFJP and is currently held by ANSES-FGS, such as the case of Grupo Clarín. The Argentine government could exercise influence over corporate governance decisions of

companies in which it owns shares by combining its ability to exercise its shareholder voting rights to designate board and supervisory committee members with its ability to dictate tax and regulatory matters. Additionally, since the AFJP were significant institutional investors and active market traders in Argentina, the nationalization of the private pension and retirement system affected the access to financing in capital markets for publicly traded companies as well as liquidity within the market.

In addition, prior administrations took several steps to re-nationalize the concessions and utilities that were privatized during the 1990s. We cannot predict whether current or future administrations will take similar or further measures, including nationalization, expropriation and/or increased Argentine governmental intervention in companies.

The matters described above could create uncertainties for some investors in public companies in Argentina, including the Company.

Argentina's economy may contract in the future due to international and domestic conditions, which may adversely affect our operations.

The effects of the global economic and financial crisis in recent years and the general weakness in the global economy may negatively affect emerging economies like Argentina's. Global financial instability may impact the Argentine economy and cause a slowdown in Argentina's growth rate or could lead to a recession with consequences in the trade and fiscal balances and in the unemployment level.

Moreover, Argentine economic growth might be negatively affected by several domestic factors such as an appreciation of the real exchange rate, which could affect its competitiveness and continued negative trade balances, which, combined with capital outflows could reduce the levels of consumption and investment resulting in greater exchange rate pressure. Additionally, abrupt changes in monetary and fiscal policies or the foreign exchange regime could rapidly affect local economic output, while lack of appropriate levels of investment in certain economy sectors could reduce long term growth. Access to the international financial markets could be limited. Consequently, continued public spending not correlated with an increase in public revenues could affect the Argentina's fiscal results and generate uncertainties that might affect the economy's level of growth.

If international and domestic economic conditions for Argentina were to worsen, the Argentine economy could be negatively affected as a result of lower international demand and lower prices for its products and services, higher international interest rates, lower capital inflows and higher risk aversion, which may also adversely affect our business, results of operations, financial condition and cash flows.

Substantially all of our operations, properties and customers are located in Argentina, and, as a result, our business is, to a large extent, dependent upon economic and legal conditions prevailing in Argentina. If economic and legal conditions in Argentina were to deteriorate, they could have an adverse effect on our financial condition, results of operations and cash flows.

Economic and legal conditions in Argentina remain uncertain which may affect our financial condition, results of operations and cash flows.

Although general economic conditions have shown improvement in the last decade, and political protests and social disturbances have diminished considerably since the economic crisis of 2001 and 2002, the nature of the changes in the Argentine political, economic and legal

environment over the past several years has given rise to uncertainties about the country's business environment.

In the event of any economic, social or political crisis, companies operating in Argentina may face the risk of strikes, expropriation, nationalization, forced modification of existing contracts, and changes in taxation policies including tax increases and retroactive tax claims. In addition, Argentine courts have issued rulings changing the existing case law on labor matters and requiring companies to assume greater responsibility for, and assumption of costs and risks associated with, sub-contracted labor and the calculation of salaries, severance payments and social security contributions. Since we operate in a context in which the governing law and applicable regulations change frequently, it is difficult to predict if and how our activities will be affected by such changes.

Argentina's ability to obtain financing from international markets is limited, which could affect its capacity to implement reforms and sustain economic growth.

After Argentina's default on certain debt payments in 2001, the government successfully restructured 92% of the debt through two debt exchange offers in 2005 and 2010. Commencing in 2002, holdout creditors filed numerous lawsuits against Argentina in several jurisdictions, including the United States, Italy, Germany and Japan. These lawsuits generally assert that Argentina failed to make timely payments of interest and/or principal on their bonds, and seek judgments for the face value of and/or accrued interest on those bonds. Judgments have been issued in numerous proceedings in the United States, and Germany and Japan. As of the date of this Annual Report, creditors with favorable judgments have not succeeded, with a few minor exceptions, in executing on those judgments.

In 2014, the New York courts enjoined Argentina from making payments on its bonds issued in the 2005 and 2010 exchange offers unless it satisfied amounts due to the holders of defaulted bonds. The Argentine government took a number of steps intended to continue servicing the bonds issued in the 2005 and 2010 exchange offers, which had limited success. Holdout creditors continued to litigate expanding the scope of issues, aiming to include payment by the Argentine government on debt other than the 2005 and 2010 exchange bonds and disputed, albeit unsuccessfully, the independence of the BCRA.

The Macri administration submitted a settlement proposal to engaged in negotiations with holders of defaulted bonds in December 2015 with a view to bringing closure to fifteen years of litigation. Between February and April 2016, the Argentine government entered into an agreements in principle to settle with certain holders of defaulted debt and put forward a proposal to other holders of defaulted debt, including those with pending claims in U.S. courts. On April 22, 2016, Argentina issued government bonds for US\$16.5 billion, of which US\$9.3 billion were applied to satisfy payments under the settlement agreements reached with holders of defaulted debt. Since then, substantially all of the remaining claims under defaulted bonds have been settled.

As of the date of this Annual Report, litigation initiated by bondholders that have not accepted Argentina's settlement offer continues, although the size of the claims involved has decreased significantly.

In addition, since 2001 foreign shareholders of some Argentine companies have initiated claims for substantial amounts before the International Centre for Settlement of Investment Disputes ("ICSID") against Argentina, pursuant to the arbitration rules of the United Nations Commission on International Trade Law. Claimants allege that certain measures of the Argentine government issued during the economic crisis of 2001 and 2002 were inconsistent with the norms or standards set forth in several bilateral investment treaties by which Argentina was bound at the time. To date, several of these disputes have been settled, and a significant

number of cases are in process or have been temporarily suspended due to the agreement of the parties.

Notwithstanding that the lifting in 2016 following the settlements with holdout bondholders of the injunction affecting payments to precautionary measures for bondholders that participated in the debt exchange offers of 2005 and 2010 eliminated an important obstacle for the country's access to international capital markets, there can be no assurance that litigation initiated by non-accepting bondholders as well as pending claims before the ICSID could not result in legal procedures against the Argentine government and this could entail embargoes/seizures or precautionary measures in relation to Argentine assets that the Argentine government allocated to other uses. As a result, the Argentine government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. Likewise, Argentina's inability to obtain credit in international markets could have a direct impact on the Company's ability to access those markets to finance its operations and its growth, including the financing of capital investments, which would negatively affect our financial condition, results of operations and cash flows.

The Argentine banking system may be subject to instability, which may affect our operations.

The Argentine banking system has experienced several crises in the past. Among those, the Argentine banking system collapsed in 2001 and 2002, when the Argentine government restricted bank withdrawals and required mandatory conversion of dollar deposits to pesos. From 2005 to 2007, a period of economic growth coupled with relative stability of the country's exchange rate and inflation resulted in the restoration of public confidence, a gradual accumulation of deposits in Argentine financial institutions, and improved liquidity of the financial system. However, since 2008 certain events such as internal conflicts with certain sectors of the Argentine economy, the international financial crisis and the increased regulation on the FX Market, have decreased depositors' confidence. In recent years, the Argentine financial system grew significantly with a marked increase in loans and private deposits, showing a recovery of credit activity. In spite of the fact that the financial system's deposits continue to grow, they are mostly short-term deposits and the sources of medium and long-term funding for financial institutions are currently limited. Loans in foreign currency (composed mainly by corporate loans) showed dynamism also in 2017.

Despite the strong liquidity currently prevailing in Argentina's financial system, a new crisis or the consequent instability of one or more of the larger banks, public or private, could have a material adverse effect on the prospects for economic growth in Argentina, resulting in a loss of consumer confidence, lower disposable income and fewer financing alternatives for consumers. These conditions would have a material adverse effect on us by resulting in lower consumption of our products or services.

Exchange controls and restrictions on transfers abroad and capital inflows have limited, and could continue limiting, the availability of international credit.

Risks Relating to the Company and its Operations

Our Consolidated Financial Statements and the selected financial data included in this Annual Report may not be indicative of, and may differ materially from, our future results of operations after the Spin-off of Cablevisión S.A..

On 28 September 2016, the Company held an Extraordinary Shareholders' Meeting at which the shareholders of the Company decided, among other things, to approve (a) the Board of Directors' proposal for the partial split-up of the Company pursuant to the terms of the Prospectus dated as of 14 September 2016; (b) the creation of Cablevisión Holding S.A., a new company that to be formed by the direct (post merger) and indirect share participations in Cablevisión S.A. and other assets, liabilities, rights and obligations that the shareholders of the Company allocated to the spun off company, and (c) the pro rata reduction, as a consequence of the spinoff, of the Class A, Class B and Class C shares, which were cancelled in exchange for a set of shares of the same class and with the same rights issued by the spun off company pursuant to an "exchange ratio" established for that purpose.

On August 10, 2017, the Argentine Securities Commission approved the prospectus for admission to the public offering regime filed by Cablevisión Holding and, consequently, the Company fulfilled the conditions detailed in the Resolution No. CNV 18818. Having obtained all of the required regulatory authorizations, on August 30, 2017, the Company and Cablevisión Holding S.A. exchanged their shares pursuant to the exchange ratio approved by the Company's shareholders at the time of approval of the spin-off process.

Immediately following the spin-off, the Company's Cable television, internet and mobile access businesses and operations were transferred to Cablevisión Holding S.A., and the Company preserved its printed media and audiovisual content divisions as its core business. Consequently, the spin-off could be perceived to limit the diversification of Grupo Clarín's businesses and its growth potential.

Our Consolidated Financial Statements and the selected financial data incorporated in this Annual Report have been prepared on a consolidated basis including Cablevisión's historical accounting records and represent our historical operations prior to the spin-off of our cable television and Internet access business segment. As a result, the Company's historical financial data incorporated in this Annual Report is not indicative of our future operating results, cash flows or financial position.

We operate in a competitive environment that may result in a reduction in our market share in the future.

The Company devotes significant resources to analyzing emerging trends and has vast experience and a solid track record in reading consumer demands and successfully developing new products and services, adapting its business model in time.

The media industry and certain maturing markets to which our services are catered, are dynamic and constantly undergo significant developments at a pace that may differ from our current expectations affecting our growth. Increased competition through new technological developments may adversely affect our business if our analysis of industry trends is not accurate or if we are not able to adapt readily our operations.

Future technological developments may result in decreased customer demand for certain of our products or services, in particular print media, or even render them obsolete. In addition, as new technologies develop, equipment may need to be replaced or upgraded, at substantial cost, to

remain competitive. These enhancements and the implementation of new technologies will continue requiring increased capital expenditures. The macroeconomic situation in Argentina may adversely affect our ability to successfully invest in, and implement, new technologies, coverage and services in a timely fashion. Accordingly, we cannot assure you that we will have the ability to make needed capital expenditures and operating expenses. If we are unable to make these capital expenditures, or if our competitors are able to invest in their businesses to a greater degree and/or faster than we are, our competitive position will be adversely impacted.

Moreover, the products and services that we offer may fail to generate revenues or attract and retain customers. If our competitors present similar or better products and services, our revenues may be materially affected. Competitiveness is and will continue to be affected by our competitors' business strategies and alliances. We may face additional pressure on the prices that we charge for our products and services or experience a loss of market share. In addition, the general business and economic climate in Argentina may affect us and our competitors differently; thus our ability to compete in the market could be adversely affected. Even though the Company grew and developed in recent years in a highly competitive market, because of the range of business and economic uncertainties we face, it is difficult for us to predict with precision and accuracy our future market share in relevant geographic areas and customer segments, the possible drop in our customer's consumption that could result in a reduction of our revenue market share, the speed with which such change in our market share or prevailing prices for services may occur or the effects of competition. Those effects could be material and adverse to our overall financial condition, results of operations and cash flows.

Our operations and financial condition could be affected by union negotiations.

In Argentina, labor organizations have substantial support and considerable political influence. In recent years, the demands of our labor organizations have increased mainly as a result of the increase in the cost of living, which was affected by increased inflation, higher tax pressure over salaries and the consequent decline in the population's purchasing power.

If labor organization claims continue or are sustained, this could result in increased costs, greater conflict in the negotiation process and strikes (including general strikes and strikes by the Company's employees and the contractors and subcontractors' employees) that may adversely affect our operations.

The enforcement of the Law for the Promotion of Registered Labor and Prevention of Labor Fraud may have a material adverse effect on us.

On June 2, 2014 Law No. 26,940 for the Promotion of Registered Labor and Prevention of Labor Fraud (Ley de Promoción del Trabajo Registrado y Prevención del Fraude Laboral) was published in the Official Gazette. This law, among other things, establishes a Public Record of Employers subject to Labor Sanctions ("Repsal") and defines a series of labor and social security infringements as a result of which an employer shall be included in the Repsal.

Employers subject to the Repsal are subject to sanctions, such as: the inability to access public programs, benefits, subsidies or credit from state-owned banks, the inability to enter into contracts and licenses of property owned by the Argentine government, or the inability to participate in the awarding of concessions of public services and licenses. Employers that commit the same infringement within a 3-year period after the final first decision imposing sanctions, shall not be able to deduct from the Income Tax the expenses related to their employees while the employers are included in the Repsal. This new regulation applies both to

the Company's subsidiaries and their respective contractors and subcontractors, whose employees could initiate claims against such subsidiaries for direct or indirect responsibility.

As of the date of this Annual Report, none of the Company's subsidiaries has any sanctions registered in the Repsal, however if sanctions are applied in the future it could have a significant impact on the Company's financial position, result of operations and cash flows.

The BCRA has imposed restrictions on the transfer of funds outside of Argentina in the past; some restrictions may be reimposed in the future, which could prevent us from making payments on dividends and liabilities.

In the past, the Argentine government imposed a number of monetary and currency exchange control measures, including temporary restrictions on the free availability of funds deposited with banks and restrictions or limitations on the access to foreign exchange markets and transfers of funds abroad for purposes of paying principal and interest on debt, trade liabilities to foreign suppliers and dividend payments to foreign shareholders. Between the end of 2001 and 2002, the Argentine government implemented a unified exchange market (*Mercado Único y Libre de Cambios* or "MULC") with significant regulations and restrictions for the purchase and transfer of foreign currency.

Between 2011 and 2015, the Argentine government implemented a series of measures aimed to increase procedures and controls on the foreign trade and capital flows. To that effect, certain measures were implemented to control and limit the purchase of foreign currency, such as the prior approval of the AFIP for any purchase of foreign currency made by private companies and individuals for saving purposes among others. In addition, the BCRA expanded the controls and measures to make payments abroad accessing the local foreign exchange market, regarding trade payables and financial debt, and also established demanding procedures that must be met to pay certain trade payables with related parties. Although no regulations prohibited making dividend payments to foreign shareholders, in practice authorities substantially limited any purchase of foreign currency to pay dividends during the 2011 through 2015 period.

Macri's administration eliminated all the substantial exchange restrictions that were implemented by the previous administration. Notwithstanding the measures adopted by the current government, there can be no assurance that the BCRA or other government agencies will not increase in the future controls and restrictions for making payments to foreign creditors or dividend payments to foreign shareholders, which would limit our ability to comply in a timely manner with payments related to our liabilities to foreign creditors or non-resident shareholders.

A cyberattack, could adversely affect our business, balance sheet, results of operations and cash flow.

In general, information security risks have increased in recent years as a result of the proliferation of new and more sophisticated technologies and also due to cyberattack activities.

As part of the Company's development and initiatives, more equipment and systems have been connected to the Internet. The Company also relies on digital technology, including information systems, to process financial and operational information. Due to the nature of our business and the greater accessibility allowed through Internet connection, we could face an increased risk of cyberattacks. In the event of a cyberattack, we could experience an interruption of our commercial operations, material damage, the leakage of customer information, reputational loss, a substantial loss of income, suffering response costs, litigation and other economic

losses.. A cyberattack could adversely affect the Company's business, results of operations and financial situation.

We and/or our management are subject to environmental and safety regulations whose non-compliance could result in increased costs and/or penalties for the Company's and/or its officers.

Some of the goods and facilities used in our operation are subject to federal, state and municipal environmental and safety regulations. If such rules are not adequately complied they could result in fines, potential delays or inability to obtain authorization for our facilities and operations which could have an adverse effect in our business, but also could result in penalties for the our officers. In addition, consistent with global trends, new and stricter standards may be issued, or authorities may enforce or construe existing laws and regulations in a more restrictive manner, which may require us to make expenditures or to incur increased costs to comply with such new rules.

We may not be able to renew programming contracts on favorable terms.

We sell programming content to broadcast and subscription television providers. Following Argentina's economic crisis in 2002, participants in the television programming business renegotiated the terms of a majority of the respective programming contracts that had originally been denominated in U.S. Dollars to provide for Peso-denominated pricing formulas that were generally linked to the number of subscribers and eliminated minimum purchase requirements. As a result of the renegotiation, contract terms were generally shortened and pricing provisions were adjusted in order to transfer the benefit of increases in the monthly fee for basic cable television services to the programming companies. The new contracts also provided for automatic termination upon the occurrence of major macroeconomic disruptions. We cannot assure you that our programming producing subsidiaries will continue to be able to regularly negotiate renewals of their programming contracts at current price levels.

Risks Relating to our Shares and DSs

No Liquid Market

The Class B shares of the Company are listed on the BCBA and on the London Stock Exchange in the form of DSs. We cannot assure you as to the liquidity of any markets that may develop for the shares or the price at which the shares may be sold. Also, the liquidity and the market for the Company's shares may be affected by a number of factors including variations in exchange and interest rates, the deterioration and volatility of the markets for similar securities and any changes in the Company's liquidity, financial condition, creditworthiness, results and profitability. As a result, the trading prices of the Company's shares following the spin-off of Cablevision Holding S.A. in August 2017 may not be indicative of future trading prices.

Historical Performance not Indicative of Future Performance

The Company's historical performance may not be representative of its performance as a separate company from Cablevision Holding S.A. Its historical performance might have been different had it been a separate entity from Cablevision Holding S.A. Changes will occur in the Company's cost structure, funding and operations as a result of the spin-off of its cable television and Internet access business segment, including increased costs associated with reduced economies of scale. All of these, and other changes that may not have been foreseeable at the moment of the spin-off, may affect the performance of our stock differently than those affecting performance of the Cablevision Holding S.A. shares and ADSs.

Fluctuations in our share price depend on various factors, some of which are outside of our control.

The market price of our shares is subject to change due to various factors which are outside of our control such as: (i) changes in market expectations; (ii) changes in the economic, financial and political situation in Argentina; (iii) the way the ANSES exercises its corporate, political, and economic rights and manages its share ownership in us; and (iv) changes in measures used by investors or analysts to value our stock or market trends unrelated to our performance and operations. We cannot predict when such external factors will affect our stock price or whether their effects will be positive or negative.

In addition, currency fluctuations as well as sales of our shares could impact the value of an investment in us.

We cannot assure you that the price of our shares and DSs would recover from any such decline in value.

Trading of our shares in the Argentine securities markets is limited and could experience further illiquidity and price volatility.

Argentine securities markets are substantially smaller, less liquid and more volatile than major securities markets in the U.S. or the U.K. In addition, Argentine securities markets may be materially affected by developments in other emerging markets, particularly other countries in Latin America. Our shares underlying DSs are less actively traded than securities in more developed countries and, consequently, a DS holder may have a limited ability to sell the shares underlying GDSs upon withdrawal from the DSs facility in the amount and at the price and time that it may desire. This limited trading market may also increase the price volatility of our shares underlying the DSs.

Holders of DSs may be adversely affected by currency devaluations and foreign exchange fluctuations.

If the peso exchange rate falls relative to the U.S. dollar, the value of the DSs and any distributions made thereon from the depositary could be adversely affected. Cash distributions made in respect of the DSs may be received by the depositary (represented by the custodian bank in Argentina) in pesos, which will be converted into U.S. dollars and distributed by the depositary to the holders of the Depositary Receipts ("DRs") evidencing those DSs if in the judgment of the depositary such amounts may be converted on a reasonable basis into U.S. dollars and transferred to the United States on a reasonable basis, subject to such distribution being impermissible or impracticable with respect to certain DR holders. In addition, the

depository will incur foreign currency conversion costs (to be borne by the holders of the DRs) in connection with the foreign currency conversion and subsequent distribution of dividends or other payments with respect to the DSs.

The relative volatility and illiquidity of the Argentine securities markets may substantially limit your ability to sell the shares underlying the DSs on the BYMA at the price and time desired by the shareholder.

Investing in securities that trade in emerging markets, such as Argentina, often involves greater risk than investing in securities of issuers in the United States, and such investments are generally considered to be more speculative in nature. The Argentine securities market is substantially smaller, less liquid, more concentrated and can be more volatile than major securities markets in the United States, and is not as highly regulated or supervised as some of these other markets. There is also significantly greater concentration in the Argentine securities market than in major securities markets in the United States. The ten largest companies in terms of market capitalization represented approximately 81% of the aggregate market capitalization of the BYMA as of December 31, 2017. Accordingly, although shareholders are entitled to withdraw the shares underlying the DSs from the depository at any time, the ability to sell such shares on the BYMA at a price and time shareholders might elect may be substantially limited.

We are traded on more than one market and this may result in price variations; in addition, investors may not be able to easily move shares for trading between such markets. Trading in the shares underlying DSs or DSs in London and Argentina, respectively, will use different currencies and take place at different times (resulting from different trading platforms, different time zones, different trading days and different public holidays in the United Kingdom and Argentina). The trading prices of the shares underlying DSs on these two markets may differ due to these and other factors. Any decrease in the price of the shares underlying DSs on the BYMA could cause a decrease in the trading price of the DSs on the LSE. Investors could seek to sell or buy the shares underlying DSs to take advantage of any price differences between the markets through a practice referred to as “arbitrage.” Any arbitrage activity could create unexpected volatility in both our share prices on one exchange, and the DSs available for trading on the other exchange. In addition, holders of DSs will not be immediately able to surrender their DSs and withdraw the underlying shares for trading on the other market without effecting necessary procedures with the depository. This could result in time delays and additional cost for holders of DSs.

If we do not file or maintain a registration statement and no exemption from the Securities Act of 1933 (“Securities Act”) registration is available, U.S. holders of DSs may be unable to exercise preemptive rights granted to our holders of shares underlying DSs.

Under the GCL, if we issue new shares as part of a capital increase, our shareholders may have the right to subscribe to a proportional number of shares of the same class to maintain their existing ownership percentage. Rights to subscribe for shares in these circumstances are known as preemptive rights. In addition, shareholders are entitled to the right to subscribe for the unsubscribed shares remaining at the end of a preemptive rights offering on a pro rata basis, known as accretion rights.

Upon the occurrence of any future increase in our class B shares, U.S. persons (as defined in Regulation S under the Securities Act) holding our shares underlying DSs or DSs may be unable to exercise preemptive and accretion rights granted to our holders of shares underlying DSs in connection with any future issuance of our shares underlying ADSs unless a registration statement under the Securities Act is effective with respect to both the preemptive rights and the new shares underlying DSs, or an exemption from the registration requirements of the Securities Act is available.

We are not obligated to file or maintain a registration statement relating to any preemptive rights offerings with respect to our shares underlying DSs, and we cannot assure that we will file or maintain any such registration statement or that an exemption from registration will be available. Unless those shares underlying DSs or DSs are registered or an exemption from registration applies, a U.S. holder of our shares underlying DSs or DSs may receive only the net proceeds from those preemptive rights and accretion rights if those rights can be assigned by the DS depository. If the rights cannot be sold, they will be allowed to lapse. Furthermore, the equity interest of holders of shares or DSs located in the U.S. may be diluted proportionately upon future capital increases.

Changes in Argentine tax laws may adversely affect the tax treatment of our shares underlying DSs or DSs and transactions made until December 31, 2017.

On September 23, 2013, the Argentine income tax law (the “Argentine Income Tax Law”) was amended by Law 26,893. The Argentine Income Tax Law provides that the sale, exchange or other transfer of shares and other securities is subject to a capital gains tax at a rate of 15% for Argentine resident individuals and foreign beneficiaries. Until the enactment of Law 27,430, in force since fiscal year 2018, there was an exemption for Argentine resident individuals if certain requirements were met. However, there was no such exemption for non-Argentine residents. For transactions made until December 31, 2017, many aspects of the Argentine Income Tax Law still remain unclear and are subject to further regulation and interpretation, which may adversely affect the tax treatment of our shares underlying DSs and/or DSs. The income tax treatment of income derived from the sale of DSs or exchanges of shares from the DS facility may not be uniform under the revised Argentine Income Tax Law. The possibly varying treatment of source income could impact both Argentine resident holders as well as non-Argentine resident holders.

Law 27,430 requires the capital gains tax to be paid for transactions carried out between September 2013 (when taxation on the sale of shares for nonresidents was introduced) and the effective date of the tax reform. No tax, however, will be due for stock exchange transactions as long as the tax has not yet been paid and the stock exchange agents have not withheld or collected it. Further regulations are expected to be published.

Consequently, holders of our shares, including in the form of DSs, are encouraged to consult their tax advisors as to the particular Argentine income tax consequences under their specific facts.

We are organized under the laws of Argentina and holders of DSs may find it difficult to enforce civil liability claims against us, our directors, officers and certain experts.

We are organized under the laws of Argentina. A significant portion of our and our subsidiaries’ assets are located in Argentina. Furthermore, almost all of our directors, officers and advisors reside in Argentina. Investors may not be able to effect service of process within the U.S. upon such persons or to enforce against them or us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the U.S. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the U.S., including judgments predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in an Argentine court predicated upon the civil liability provisions of the U.S. federal securities laws against us or these persons.

Prior to any enforcement in Argentina, a judgment issued by a U.S. court will be subject to the requirements of Article 517 through 519 of the Argentine Federal Civil and Commercial Procedure Code if enforcement is sought before federal courts or courts with jurisdiction in commercial matters of the City of Buenos Aires. Those requirements are: (1) the judgment, which must be valid and final in the jurisdiction where rendered, was issued by a competent court in accordance with the Argentine principles regarding international jurisdiction and resulted from a personal action, or an in rem action with respect to personal property which was transferred to Argentine territory during or after the prosecution of the foreign action; (2) the defendant against whom enforcement of the judgment is sought was personally served with the summons and, in accordance with due process of law, was given an opportunity to defend against foreign action; (3) the judgment must be valid in the jurisdiction where rendered, and its authenticity must be established in accordance with the requirements of Argentine law; (4) the judgment does not violate the principles of public policy of Argentine law; and (5) the judgment is not contrary to a prior or simultaneous judgment of an Argentine court. Any document in a language other than Spanish, including, without limitation, the foreign judgment and other documents related thereto, requires filing with the relevant court of a duly legalized translation by a sworn public translator into the Spanish language.

CORPORATE GOVERNANCE, ORGANIZATION AND INTERNAL CONTROL SYSTEM

Grupo Clarín's Board of Directors is responsible for the Company's management and approves its policies and overall strategies. Pursuant to the By-laws, the Board of Directors is comprised by ten permanent directors and ten alternate directors who are elected at the Ordinary Shareholders' Meeting on an annual basis. Four of them (two permanent and two alternate members) are required to be independent directors, appointed in accordance with the requirements provided under the CNV rules.

Members of the Board of Directors

Grupo Clarín's Board of Directors is comprised by the following members, appointed at the Annual Ordinary Shareholders' Meeting and Special Meeting per Class of Shares, held on April 27, 2017:

Rendo, Jorge Carlos	Chairman
Aranda, Héctor Mario	Vice Chairman
Quiros, Horacio Eduardo	Permanent Director
Etchevers, Martín Gonzalo	Permanent Director
Drillett, Ignacio Rolando	Permanent Director
Acevedo, Francisco Iván	Permanent Director
Menzani, Alberto César José ¹	Permanent Director
Calcagno, Lorenzo ¹	Permanent Director
Blaquier, Gonzalo ¹	Permanent Director
Salaber, Sebastián ¹	Permanent Director
Aranda, Antonio Román	Alternate Director
Giglio, Juan Ignacio	Alternate Director
Saravia, Francisco ¹	Alternate Director
Colombres, Gervasio ¹	Alternate Director
Rebay, Carlos ¹	Alternate Director
Fernández, Luis G. ¹	Alternate Director

¹*Independent Director*

²*Due to the resignation of the directors Pablo C. Casey, Sebastián Bardengo, Hernán P. Verdaguier and Marcelo Trivarelli, there are 4 vacancies.*

Grupo Clarín also has a Supervisory Committee comprised of 3 permanent members and 3 alternate members, who are also appointed on an annual basis at the Ordinary Shareholders' Meeting. The Board of Directors, through an Audit Committee, is in charge of the ongoing oversight of all matters related to control information systems and risk management, and issues an annual report on these topics. The members of the Company's Audit Committee may be nominated by any member of the Board of Directors and a majority of its members must meet the independence requirement provided under CNV rules.

Supervisory Committee

Grupo Clarín's Supervisory Committee is comprised by the following members, appointed at the Annual Ordinary Shareholders' Meeting and Special Meeting per Class of Shares, held on April 27, 2017:

Di Candia, Carlos Alberto Pedro ¹	Permanent Member of the Supervisory Committee
López, Hugo Ernesto ¹	Permanent Member of the Supervisory Committee
San Martín, Pablo Gabriel ¹	Permanent Member of the Supervisory Committee
Morán, Raul Antonio ¹	Alternate Member of the Supervisory Committee
Mazzei, Miguel Angel ¹	Alternate Member of the Supervisory Committee
Suarez, Rubén ¹	Alternate Member of the Supervisory Committee

¹ Independent member of the Supervisory Committee

Audit Committee

The Audit Committee is comprised as follows:

Menzani, Alberto César José	Chairman
Calcagno, Lorenzo	Vice President
Aranda, Héctor Mario	Permanent Member
Rebay, Carlos	Alternate Member
Fernández, Luis Germán	Alternate Member

Grupo Clarín organizes its activities under an executive structure comprising: External Relations Department; Corporate Finance Department; Corporate Control Department; Corporate Strategy Department; Audiovisual Content Department; Corporate Human Resources Department; Corporate Affairs Department.

The overall criteria used to appoint managers are based on the background and experience in the position and the industry, companies they have worked for, age, professional and moral aptitude, among other factors.

In order to identify opportunities and streamline structures and systems with the aim of improving processes and making informed decisions, Grupo Clarín sets forth several procedures and policies for controlling the Company's operations. The areas responsible for the Company's internal controls, both at the Company level and at the level of its subsidiaries and affiliates, contribute to the safeguarding of shareholders' equity, the reliability of financial information and the compliance with laws and regulations.

Compensation of the Members of the Board of Directors and Senior Management

Compensation of the members of the Board of Directors is decided at the Shareholders' Meeting after the close of each fiscal year, considering the cap established by Section 261 of Law No. 19,550 and related regulations of the CNV.

All of Grupo Clarín's subsidiaries have compensation arrangements with all of their officers in executive and managerial positions, which contemplate a fixed and variable remuneration scheme. Fixed compensation is tied to the level of responsibility attached to each position, prevailing market salaries and performance. The annual variable component is tied to performance during the fiscal year based on the objectives set at the beginning of the year. Grupo Clarín does not have any stock option plans in place for its personnel.

As mentioned in Note 19 to the Consolidated Financial Statements, on January 1, 2008 Grupo Clarín began to implement a long-term savings plan for certain executives of Grupo Clarín and its subsidiaries. Executives who adhere to such plan will contribute regularly a limited portion of their salary to a fund that will allow them to increase their income at the retirement age. Furthermore, each company matches the sum contributed by such executives. This matching contribution will be added to the fund raised by the employees. Under certain conditions, employees may access such fund upon retirement or upon termination of their jobs with Grupo Clarín. This long-term benefit has a strong withholding component and is considered as an integral part of the employee's total compensation for comparative purposes with prevailing market salaries. 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.

The parameters used in fixing compensations are in line with customary market practices followed by companies of the scale of Grupo Clarín. To this end, the Company assesses the relative weight of the several positions within the company, as well as the performance of the employee that holds the position. In order to assess positions and compare salaries in different markets, the Company uses the services and reports of prestigious HR companies at the national and international level.

Annual Shareholders' Meeting

Grupo Clarín held its Annual Ordinary Shareholders' Meeting on April 27, 2017. On this occasion, the shareholders reviewed and approved the accounting records for fiscal year No. 18 ended on December 31, 2016 and the performance and compensation of the members of the Board of Directors and the Supervisory Committee. Among other things, they elected the permanent members and alternate members of the Board of Directors and the Supervisory Committee for the year 2017. In addition, said Shareholders' Meeting approved the distribution of dividends in the amount of Ps. 480,000,000, which were paid on May 17, 2017.

Dividend Policy

Grupo Clarín does not have a formal dividend policy governing the amount and payment of dividends or other distributions. According to its By-laws and the Argentine Corporate Law, Grupo Clarín may lawfully pay and make declarations of dividends only out of the retained earnings stated in the Company's annual Financial Statements prepared in accordance with Argentine GAAP and CNV regulations and approved at the Shareholders' Meeting. In such case, dividends must be paid on a pro rata basis to all holders of shares of common stock as of the relevant record date.

Set-up of reserves

Pursuant to the Argentine Corporate Law and CNV resolutions, Grupo Clarín is required to set up a legal reserve of no less than 5% of each year's retained earnings until such reserve reaches 20% of its outstanding capital stock plus the corresponding adjustment. The legal reserve is not available for distribution to shareholders.

Code of Corporate Governance

In addition to the aforementioned and in conformity with the CNV's decisions concerning the filing of the report about compliance with the Code of Corporate Governance (Resolution No. 606/12), Grupo Clarín prepared the report for the year under analysis, which is attached as an exhibit to this annual report.

BUSINESS PROJECTIONS AND PLANNING

Grupo Clarín seeks to maintain and consolidate its presence in the local and regional markets, focusing on the production of quality contents both in the traditional media and in new digital media.

All of the Group's business units will strive to seize opportunities, seeking to reinforce, improve and expand the range of products and services offered; increase market share; reach new audiences and promote permanent innovations in all of its activities.

Grupo Clarín will continue to optimize even more the productivity and efficiency levels in all of its areas and companies. It will seek to develop and apply best practices in each of its processes. At a corporate level, it will continue to focus on the main processes that allow sustainable, healthy and efficient growth from different perspectives: financial structure, management control, business strategy, human resources, innovation and corporate social responsibility. Grupo Clarín will continue to analyze alternative new ventures related to its mission and strategic objectives both in Argentina and abroad, as long as they add value to shareholders and are feasible and viable under the prevailing economic environment.

Grupo Clarín remains committed to traditional media, but with a growing focus on digital media, which are one of the largest strategic stakes of the Company. To this end, it will rely on the value and prestige of its trademarks, which have the largest rates of credibility and acceptance. The Company will use its broad experience in the creation of contents, recognized worldwide - especially in the Spanish-speaking world-, to boost the success of its new platforms.

The spin-off among the business units and telecommunications reinforced the specialization of each of the organizations. In this way, each company was able to adjust even further its strategic, financial and operational focus with the global demands of each of these markets, allowing them to enhance their competitiveness.

Grupo Clarín renews its sustained commitment to regulatory compliance, its readers, audiences and the country. In its daily work, Grupo Clarín seeks to assume with strength and responsibility the role that the media are called to play through professional and independent journalism and through the defense and promotion of principles and values, such as freedom of speech, the effectiveness of republican democracy and the promotion of the comprehensive development of Argentina and its inhabitants.

PROPOSAL OF THE BOARD OF DIRECTORS

Net income for the year ended December 31, 2017 was Ps. 1,686,091,799. Taking into consideration that Ps. 834,358,059 of Retained Earnings were spun off, the balance of Retained Earnings as of the end of this year amounts to Ps. 851,733,740.

Grupo Clarín is a holding company, which results derive mainly from the operations of its subsidiaries. Therefore, its liquidity position depends, among other things, on the distribution of

dividends of Grupo Clarín's subsidiaries -which have to meet their investment and interest payments needs-, the contributions required by other subsidiaries and the expected future cash flows from operating and financing activities. In particular, the media are faced with the challenge posed by digital transformation and the development of a new business model without compromising their journalistic independence and the quality of their contents in a mature market. In the past, Grupo Clarín's subsidiaries engaged in this industry have required financial aid and may require it in the future to implement this transformation. Therefore, the Board of Directors believes that it would be prudent and reasonable, especially taking into consideration that when the corporate reorganization approved by its shareholders on September 28, 2016 becomes effective, it would be reasonable to propose to the Shareholders that Retained Earnings be appropriated as follows:

- To increase the existing reserve for future dividends in the amount of Ps. 200,000,000.
- To increase the reserve to ensure the liquidity of the Company and its Subsidiaries in the amount of Ps. 150,000,000.
- Increase the Reserve for illiquidity of results in the amount of Ps. 501,733,740.

The Board of Directors of Grupo Clarín would like to thank its customers, suppliers, employees, banking and financial institutions and other stakeholders, who are the key players in achieving the results obtained this fiscal year by the Company's management.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the consolidated financial statements included with this annual report, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- this annual report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board of Directors

GRUPO CLARÍN S.A.

EXHIBIT I - REPORT ON THE DEGREE OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

PRINCIPLE I. REVEAL THE RELATIONSHIP BETWEEN THE ISSUER AND THE ECONOMIC GROUP IT LEADS AND/OR BELONGS TO AND ITS RELATED PARTIES

The corporate governance framework shall:

Recommendation I.1. Ensure disclosure by the Board of Directors of the policies applicable to the relationship between the Issuer and the economic group it leads and/or belongs to and its related parties.

Answer whether or not:

The Issuer has an internal rule or policy governing the authorization of transactions between related parties pursuant to Section 73 of Law No. 17,811, operations carried out with shareholders and members of the Board of Directors, first-line managers and statutory auditors and/or members of the supervisory committee within the economic group it leads and/or belongs to. Specify the main guidelines of the internal rule or policy.

Full compliance.

The Company has a policy on transactions with related parties in place, in accordance with effective regulations.

Recommendation I.2. Ensure that policies and procedures are in place to prevent conflicts of interests.

Answer whether or not:

The Issuer has, notwithstanding the effective regulations, clear and specific policies and procedures to identify, handle and solve potential conflicts of interests arising from the relationship between members of the Board of Directors, first-line managers and statutory auditors and/or members of the supervisory committee and the Issuer or its related parties. Describe the relevant aspects of such policies and procedures.

Full compliance.

The Company has a Code of Ethics and Conduct in place, which, among other things, seeks to avoid potential conflicts between the Company's interests and the personal interests of its directors and employees and their respective direct relatives. The code describes objective scenarios where a conflict of interest may arise and provides a non-exhaustive list of examples that standardize conflicts.

Recommendation I.3. Prevent the misuse of privileged information.

Answer whether or not:

The Issuer has, notwithstanding the effective regulations, achievable policies and procedures to prevent the misuse of privileged information by members of the Board of Directors, first-line managers, statutory auditors and/or members of the supervisory committee, controlling

shareholders or shareholders that exert significant influence on the Company, professionals involved and the other persons listed in Sections 7 and 33 of Decree No. 677/01. Describe the relevant aspects of such policies and procedures.

Full compliance.

The Code of Ethics and Conduct referred to in Item I.2. deals with the handling of confidential information by the Company's officers, where confidential information is understood as all such information that has not become publicly known and that may be important for an investor to make a buy, sell or hold decision concerning any of the Company's securities. The Code prohibits the use of such information by the Company's officers for their own benefit or for the benefit of a third party. The Company also has mechanisms in place to restrict the access to and internal distribution of information that supplement the measures implemented to prevent the use or disclosure of confidential information.

PRINCIPLE II. LAY THE FOUNDATIONS FOR THE ISSUER TO HAVE A STRONG MANAGEMENT AND SUPERVISION

The corporate governance framework shall:

Recommendation II.1. Ensure that Issuer's management and supervision and its strategic orientation are under the charge of the Board of Directors.

Answer whether or not:

II.1.1. The Board of Directors is in charge of approving:

II.1.1.1. The Company's strategic or business plan, as well as the management goals and annual budgets;

Full compliance.

The Company's Board of Directors reviews the business plan on an annual basis. That plan includes management goals and their respective budgets.

II.1.1.2. The investment policy (in financial assets and capital expenditures) and the financing policy;

Full compliance.

The investment and financing policy is an integral part of the Company's business plan as described in Item II.1.1.1.

II.1.1.3. The corporate governance policy (compliance with the Corporate Governance Code);

Full compliance.

As established by the effective regulations, the Board of Directors has approved the content of the report on the degree of compliance with the Corporate Governance Code, as a separate exhibit to the Annual Report.

II.1.1.4. The policy on selection, assessment and compensation of Top Management;

Partial compliance.

The policy on selection, assessment on performance and compensation of top management is under the responsibility of members of the Company's Board of Directors. The policy is implemented by the Human Resources Department.

II.1.1.5. The policy on allocation of responsibilities among first-line managers;

Partial compliance.

The Company has a policy in place that sets forth transaction authorization ranges and procedures by transaction amount and transaction type that may be implemented by first-line managers in handling the transactions under their responsibility. This policy is under the responsibility of members of the Company's Board of Directors and is implemented by the Control Department.

II.1.1.6. The oversight of first-line managers' succession planning;

Partial compliance.

Top Management succession planning is under the responsibility of members of the Company's Board of Directors. Succession plans are implemented by the Human Resources Department.

II.1.1.7. The Corporate Social Responsibility policy;

Partial compliance.

The Corporate Social Responsibility policy, see Item VI.2, is under the responsibility of members of the Company's Board of Directors. The policy is implemented by the Corporate Social Responsibility and Sustainability Department.

II.1.1.8. The policies on comprehensive risk and internal control management and fraud prevention;

Partial compliance.

The Company has a comprehensive internal control policy in place that deals with issues related to internal control, management control, fraud prevention and risk management. This policy is under the responsibility of members of the Company's Board of Directors and is implemented by the Control Department.

II.1.1.9. The policy on ongoing training for members of the Board of Directors and first-line managers.

Partial compliance.

The training policy is under the responsibility of members of the Company's Board of Directors and is implemented by the Human Resources Department.

II.1.2. If deemed relevant, add any other policy applied by the Board of Directors that has not been mentioned before, detailing its significant aspects.

The Company has other policies in place that are related to and supplement the above mentioned ones, such as: Procurement and Contracting, Register of Proxies, Register of Signatures, Information Security and Insurance.

II.1.3. The Issuer has a policy in place to ensure the availability of the information necessary for the Board of Directors to make decisions and a direct channel to make inquiries to line managers in a symmetric and fair way for all of its members (external and independent executives), with sufficient time ahead to adequately analyze its content. Specify.

Full compliance.

The Company's information flow procedures allow all of the Board members to receive relevant information on the issues submitted to their consideration, with sufficient time ahead to allow for a comprehensive analysis that facilitates the decision-making process. Top Management is also available to answer any question the directors may have in that regard.

II.1.4. The issues submitted to the consideration of the Board of Directors are supported by an analysis of the risks inherent to the decisions that may be adopted, taking into account the enterprise risk level the Issuer has defined as acceptable. Specify.

Full compliance.

Any decision submitted to the Board's consideration is supported by the relevant background, including the potential associated risks.

Recommendation II.2. Ensure the effective Control of Issuer's Management

Answer whether or not:

The Board of Directors is in charge of verifying:

II.2.1 Compliance with the annual budget and the business plan;

Full compliance.

The Board of Directors verifies compliance with the Company's annual budget and business plan.

II.2.2. Top Management performance and their compliance with their respective goals (expected level of profits versus actual profits, financial rating, accounting reporting quality, market share, etc.).

Full compliance.

The Board of Directors verifies compliance with the above items, through the fulfillment of the annual budget. Moreover, the Audit Committee assesses the financial reporting reliability. See Item II.2.1

Describe the relevant aspects of Issuer's Management Control policy, detailing the methods employed by the Board of Directors and the monitoring frequency.

A monthly report is prepared comparing the month's actual results and the year-to-date results against the budgeted results. This report also provides an explanation of the differences between budgeted and actual data, taking into account the changes between the expected

activities and the actually executed activities. The Board of Directors regularly reviews this information.

Recommendation II.3. Disclose the Board of Directors' performance assessment process and its related impact.

Answer whether or not:

II.3.1. Each member of the Board of Directors complies with the By-Laws and, where applicable, with the Board of Directors' Rules of Operation. Specify the main guidelines of these rules. Specify the degree of compliance with the By-Laws and the Rules of Operation.

Full compliance.

All members of the Board of Directors comply with the effective regulations of the Argentine General Business Associations Law No. 19,550, the Argentine Securities Commission (CNV) and the Buenos Aires Stock Exchange (BCBA), as well as with all the provisions of the Company's By-laws.

II.3.2. The Board of Directors reports the results of its management activities based on the goals set at the beginning of the year so that shareholders may assess the degree of compliance with such goals, which entail financial as well as non-financial aspects. The Board of Directors also presents a diagnosis of the degree of compliance with the policies referred to in Recommendation II, Items II.1.1 and II.1.2.

Specify the main aspects of the assessment made at the General Shareholders' Meeting on the Board of Directors' degree of compliance with the goals set and the policies referred to in Recommendation II, Items II.1.1 and II.1.2, indicating the date of the meeting in which the assessment was presented.

Partial compliance.

Pursuant to the Argentine General Business Associations Law No. 19,550, the Board of Directors discloses the results of its management activities in the Annual Report, which is approved by the shareholders at the Annual Ordinary Shareholders' Meeting. Therefore, the Board of Directors considers that the assessment of its own management activities is embedded in that assessment. Said disclosure does not include specifically the diagnosis of the degree of compliance with the policies referred to in Items II.1.1 and II.1.2, although those issues are naturally addressed in general in the Annual Report.

Recommendation II.4. That external and independent members account for a significant portion of the members of the Issuer's Board of Directors.

Answer whether or not:

II.4.1. The proportion of the Board of Directors' external and independent executive members (independent members as defined by the CNV's regulations) bears a relationship with the Issuer's capital structure. Specify.

Full compliance.

The Company's Board of Directors is comprised by members who are also managers of the Company, non-independent directors without executive responsibilities and independent

directors. The distribution of directors bears relationship with the Company's capital structure, as provided by the effective legislation and the By-Laws.

II.4.2. During the current year, at a General Shareholders' Meeting, the shareholders agreed to a policy aimed at maintaining at least 20% of independent members in the total number of Board of Directors' members. Describe the relevant aspects of such policy and of any other shareholders' agreement to understand how and for how long the members of the Board are appointed. Indicate if the independence of the Board members was challenged at any time during the year and if there was any abstention as a result of a conflict of interest.

Partial compliance.

Over the last years, the Shareholders Meeting has systematically appointed independent directors that account for 20% of the total number of the Board members. During the year, there were no abstentions as a result of a conflict of interest or any objections questioning directors' independence.

Recommendation II.5. Require that the Issuer implement rules and procedures for the selection and proposal of members of the Board of Directors and first-line managers.

Answer whether or not:

II.5.1. The Issuer has an Appointments Committee in place:

II.5.1.1. comprised by at least three members of the Board of Directors, most of them independent directors;

II.5.1.2. presided over by an independent member of the Board of Directors;

II.5.1.3. comprised by members with proven expertise and experience in human capital policies;

II.5.1.4. which holds at least two meetings per year;

II.5.1.5. which decisions in connection with the selection of Board members are not necessarily binding but rather consultative at General Shareholders' Meetings.

II.5.2. If there is a Appointments Committee in place, answer whether or not:

II.5.2.1. it verifies the annual review and assessment of its rules of operation and suggests amendments for the Board of Director's approval;

II.5.2.2. it proposes the development of criteria (qualification, experience, professional reputation and ethics, among others) for the selection of new members of the Board of Directors and first-line managers;

II.5.2.3. it identifies potential candidates to the Board of Directors to be proposed by the Committee at the General Shareholders' Meeting;

II.5.2.4. it proposes the Board of Directors' members that should be part of the several Board of Director's committees, based on their respective backgrounds;

II.5.2.5. it deems advisable that the positions of Board of Directors' Chairman and General Manager be held by different persons;

II.5.2.6. it ensures that the resumes of the Board members and the first-line managers are available at the Issuer's website, specifying the Board members' term of office;

II.5.2.7. it verifies that a Board member and first-line manager succession plan is in place.

II.5.3. If deemed relevant, add any policy implemented by the Issuer's Appointments Committee that has not been mentioned in the above item.

Non-compliance.

The Company does not have an Appointments Committee in place. Notwithstanding the fact that, pursuant to the Argentine Business Associations Law No. 19,550, the above mentioned functions concerning the appointment of Board members shall be exclusively carried out at the Shareholders' Meeting, for the time being the Company does not see a need for implementing said Committee.

Recommendation II.6 Assess the convenience of the Board members and/or statutory auditors and/or members of the supervisory committee performing functions at several Issuers.

Answer whether or not:

The Issuer sets limits on Board members and/or statutory auditors and/or members of the supervisory committee in connection with the performance of functions at entities other than the economic group the Issuer leads and/or belongs to. Specify said limit and whether it was violated or not at any time during the year.

Non-compliance.

Certain members of the Board of Directors and the Supervisory Committee carry out functions in other companies. In practice, the performance of such other functions, particularly in companies that are not related to the Company, has not been found to cause inconveniences in the due compliance with the functions of such bodies. Should any inconvenience occur, the respective member of the Board or Supervisory Committee would not be reappointed. The Board does not deem it necessary to set that limit in light of the current circumstances.

Recommendation II.7. Ensure the training and development of the Issuer's Board members and first-line managers.

Answer whether or not:

II.7.1. The Issuer has ongoing Training Programs in place addressed to Board members and first-line managers that are related to the Issuer's current needs, and include training on their respective roles and responsibilities, comprehensive enterprise risk management, know-how on the business and its regulations, corporate governance dynamics and corporate social responsibility, as well as international accounting standards, auditing and internal control standards and capital market regulations for members of the Audit Committee. Describe the programs developed during the year and the degree of compliance.

Full compliance.

The Company provides executive training programs covering the recommended issues. These programs were delivered at prestigious universities and the implementation thereof is under the responsibility of the Human Resources Department. These are supplemented with inhouse training programs delivered at the Company. Furthermore, every year the Company organizes information and discussion sessions to deal with the issues that concern senior management. These sessions are led by prestigious local and international specialists in the field. The members of the Audit Committee receive specific training on their incumbent issues, such as, accounting, auditing and regulatory standards, delivered by prestigious auditing firms in the market.

II.7.2. The Issuer employs other means not specified in Item II.7.1 to encourage members of the Board of Directors and first-line managers to pursue ongoing training supplementing their education level in order to add value to the Issuer. Specify how.

Non-compliance.

The Company considers that the actions mentioned in Item II.7.1 are sufficient to engage directors and managers in the training process.

PRINCIPLE III. SUPPORT AN EFFECTIVE ENTERPRISE RISK IDENTIFICATION, MEASUREMENT, MANAGEMENT AND DISCLOSURE POLICY

The corporate governance framework:

Recommendation III. The Board of Directors shall have a comprehensive enterprise risk management policy in place and monitor its adequate implementation.

Answer whether or not:

III.1. The Issuer has comprehensive enterprise risk management policies (risk of compliance with strategic goals, operating risks, financial risks, accounting reporting risks and regulatory risks, among others). Describe the relevant aspects of such policies.

Partial compliance.

The general policy referred to in Item II.1.1.8 seeks to cover risks inherent to: (i) operational effectiveness and efficiency, (ii) financial reporting reliability, (iii) asset protection, and (iv) regulatory compliance. The Control Department is in charge of verifying that the established policies are followed and that the necessary actions are taken to correct potential deviations. The Company employs the following tools: (i) the policy governing the authorization of transactions referred to in Item II.1.1.5, (ii) the monthly management reports referred to in Item II.2, (iii) external audits, (iv) the auditing function referred to in Item IV.2, and (v) other policies referred to in Item II.1.2. The Company takes into account the COSO model to design its control system.

III.2. There is a Risk Management Committee at the core of the Board of Directors or Senior Management. Report on the existence of manuals of procedures, specifying the main risk factors specific to the Issuer or its business and the implemented mitigation actions. In the absence of such Committee, describe the oversight role performed by the Audit Committee concerning risk management. Specify the interaction level between the Board of Directors or its Committees with Issuer's Senior Management in terms of comprehensive enterprise risk management.

Partial compliance.

The Control Department prepares a monthly management report to monitor the Company's operational risks. The Audit Committee carries out the following tasks on that report: (i) analyzing the methodology used by the Control Department to prepare the above mentioned reports; (ii) discussing with the Control Department the process to identify and assess risks, mitigate them and implement solutions; (iii) considering to which extent the risks are adequately reported according to applicable legal and accounting standards; and (iv) reporting on monitoring completion in its annual report. In particular, that Committee assesses the risks of misstatements in the financial statements and other information made available to third parties.

III.3. There is an independent function within Issuer's Senior Management that implements the comprehensive enterprise risk management policies (function of the Risk Management Officer or its equivalent). Specify.

Partial compliance.

See Item III.2.

III.4. The comprehensive enterprise risk management policies are updated on an ongoing basis, according to related widely used recommendations and methodologies. Specify which.

Partial compliance.

See Item III.1.

III.5. The Board of Directors reports the results of the risk management supervisory activities carried out jointly with Senior Management in the financial statements and the Annual Report. Specify the main aspects of the disclosures.

Partial compliance.

In reviewing the financial statements, the Board of Directors supervises the note on financial risk management.

PRINCIPLE IV. SAFEGUARD FINANCIAL INFORMATION INTEGRITY THROUGH INDEPENDENT AUDITS

The corporate governance framework shall:

Recommendation IV. Ensure the independence and transparency of the functions entrusted to the Audit Committee and the External Auditor.

Answer whether or not:

IV.1. In selecting the members of the Audit Committee, the Board of Directors assesses the convenience of appointing an independent member as Chairman, taking into consideration that most members must be independent.

Full compliance

The Chairman of the Company's Audit Committee appointed by the members of that Committee on May 2, 2017 is an independent member.

IV.2. There is an internal audit function that reports to the Audit Committee or the Board of Directors' Chairman and that is responsible for assessing the internal control system. Specify whether or not the Audit Committee or the Board of Directors perform an annual assessment on the performance of the Internal Audit Department and the degree of independence in the conduct of its professional practice; which means assessing whether the professionals in charge of that function are independent from other operating areas and whether they meet the independent requirements concerning controlling shareholders or related parties exerting significant influence on the Issuer. Also specify if the Internal Audit function carries out its activities in accordance with international auditing standards issued by the Institute of Internal Auditors (IIA).

Partial compliance.

The Internal Audit function reports to the Company's Control Department and the Audit Committee and is responsible for assessing the Company's internal control systems. This function is independent from the Company's operations. The Audit Committee conducts an annual performance review of the Internal Audit function, which is reflected in its annual report. The members of the Internal Audit Department are Company's employees and perform their respective functions taking into account the guidelines set forth in the international auditing standards.

IV.3. The members of the Audit Committee annually review the know-how, independence and performance of the External Auditors appointed at the Shareholders' Meeting. Describe the relevant aspects of the procedures used to perform the assessment.

Full compliance.

The Audit Committee periodically evaluates external auditors in terms of independence, know-how and performance, among other issues. To this end, the Audit Committee reviews the following: (i) the auditors' professional and personal suitability (considering the experience and background of the partner in charge of the audit, analysis of the work methodology employed, the auditing firm's independence and quality control practices, the affidavits required by effective regulations); (ii) contracted services; (iii) audit plan; (iv) auditor's reports and internal control recommendations; and (v) discussion with Company's key officers concerning the above mentioned items.

IV.4. The Issuer has a policy in place on the rotation of Supervisory Committee members and/or the External Auditor, and specifically in the case of the latter, whether such rotation includes the external auditing firm or its individual members only.

Non-compliance.

In the Board of Directors' view, it is not necessary to adopt a specific policy providing for the rotation of the Supervisory Committee members and the External Auditor.

PRINCIPLE V. RESPECT SHAREHOLDER RIGHTS

The corporate governance framework shall:

Recommendation V.1. Ensure that shareholders have access to Issuer's information.

Answer whether or not:

V.1.1. The Board of Directors holds periodical informational meetings with the shareholders upon the presentation of the interim financial statements. Specify the number and frequency of the meetings held during the year.

Full compliance.

The Company communicates with its investors through its executives in charge of market relations and through regular informational meetings and conferences, in order to present the quarterly financial statements. The Company maintains communication channels with the minority shareholders through the disclosure of relevant information in the stock exchanges where its shares and GDSs are listed and through information disclosed in the Company's web site.

V.1.2. The Issuer has mechanisms in place to keep investors informed and a special area dedicated to answering their questions. It also has a web site accessible to shareholders and other investors that serves as a channel to communicate with each other. Specify.

Full compliance.

The Company's management is in charge of the relationship with investors and shareholders and addresses their questions and concerns. It also provides public financial and operating information, provided such disclosure conforms to the law and does not affect the Company's strategy and forward-looking plans. Management issues quarterly reports and holds regular conference calls to discuss further information requested by investors and shareholders. These reports and files can be found on the Company's web site.

Recommendation V.2. Foster shareholders' active involvement.

Answer whether or not:

V.2.1. The Board of Directors takes actions that foster the involvement of all shareholders at General Shareholders' Meetings. Specify which, distinguishing actions required by law from the Issuer's voluntary actions.

Full compliance.

The Company encourages the participation of all shareholders at the meetings. It calls the meeting and distributes the agenda with sufficient anticipation, translated into English for shareholders domiciled abroad, through the GDS's depositary institution. The Company also complies with the publication requirements set forth under current legislation (publication in the Official Gazette, a newspaper with high circulation, the bulletin of the Buenos Aires Stock Exchange and the Financial Information Highway of the CNV) and with publication on the Company's web site.

V.2.2. The General Shareholders' Meeting has rules of operation in place to ensure that the information is available to all shareholders with sufficient anticipation to make decisions. Describe the main guidelines of such rules.

Partial compliance.

Besides the rules established in its Bylaws, the Company has not deemed it necessary to have formal rules of operations concerning General Shareholders' Meetings. Naturally, it ensures that the information is available to shareholders with sufficient anticipation to make decisions as stated in Items V.1. and V.2.1.

V.2.3. The mechanisms implemented by the Issuer are applicable in order for minority shareholders to raise issues to be discussed at the General Shareholders' Meeting, in accordance with effective regulations. Specify the outcomes.

Full compliance.

The Company conforms to the effective regulations in connection with the minority shareholders' ability to raise issues for discussion at the General Shareholders' Meeting. Therefore, the issues raised by the shareholders present at the meeting are registered in the respective minutes, pursuant to the applicable mechanisms.

V.2.4. The Issuer has policies in place to encourage the involvement of major shareholders, such as, institutional investors. Specify.

Full compliance.

See Item V.2.1.

V.2.5. At Shareholders' Meetings where candidates to members of the Board of Directors are discussed, the following are disclosed prior to voting: (i) the position of each candidate as to the adoption or not of a Corporate Governance Code; and (ii) the rationale for such position.

Non-compliance.

The members of the Board of Directors have not stated their respective individual positions as to the adoption or not of a Corporate Governance Code. As members of the Board of Directors, they have adopted the recommendations addressed and the policies advised as rules and within the scope described herein and apply them diligently. In that sense, the Company is committed to the highest standards of ethics and transparency in its corporate governance structure. On the other hand, as mentioned under II.1.1.3 and as established by the effective regulations, the Board of Directors has approved and generally considers and approves the content of the report on the degree of compliance with the Corporate Governance Code, as a separate exhibit to the Annual Report of the corresponding fiscal year.

Recommendation V.3. Ensure the one-share-one-vote principle.

Answer whether or not:

The Issuer has a policy in place that fosters the one-share-one-vote principle. Describe the changes in the breakdown of outstanding shares per class over the last three years.

Full compliance.

Pursuant to Section 216 of the Argentine Business Associations Law No. 19,550, the Company may not issue shares with privileged voting rights after the authorization of the initial public offering of its shares. The Company strictly complies with the effective regulations.

Recommendation V.4. Establish mechanisms to protect all shareholders from takeovers.

Answer whether or not:

The Issuer abides by the mandatory tender offer rules. Otherwise, specify if there are other alternative statutory mechanisms, such as, the tag-along rights or others.

Partial compliance

As contemplated in the Company's By-laws, the Company opted out of the mandatory tender offer rules (as established by Decree No. 677/01). Section 90 of Capital Markets Law No. 26,831 provides that: "The tender offer rules regulated in this chapter and the residual interest regime regulated in the following chapter comprise all listed companies, including those which under the previous regime may have opted out of its application".

Notwithstanding the foregoing, the By-laws set forth mechanisms to protect the minority shareholders' interests against certain scenarios involving the acquisition of the Company's shares.

Recommendation V.5. Encourage the dispersed ownership of the Issuer's shares.

Answer whether or not:

Ownership of at least 20% of the Issuer's common shares is dispersed. Otherwise, indicate if the Issuer has a policy in place to increase dispersed ownership in the market. Specify dispersed ownership as a % of the Company's share capital and its evolution over the last three years.

Full compliance.

Ownership of more than 20% of the Company's shares is dispersed. Such dispersed ownership has not changed significantly over the last three years.

Recommendation V.6. Ensure that a transparent dividend policy is in place.

Answer whether or not:

V.6.1. The Issuer has a dividend distribution policy stated in its By-Laws and approved at the Shareholders' Meeting setting forth the conditions to distribute dividends in cash or in kind. If such policy is in place, specify the criteria, frequency and conditions to be met for dividend payment.

Non-compliance

The Company's Bylaws does not establish a stringent dividend policy. The Shareholders' Meetings determine in each fiscal year the amount and payment of the corresponding dividends.

V.6.2. The Issuer has documented processes in place to propose the allocation of Issuer's accumulated income to set up legal, statutory or voluntary reserves, to be carried over to the next fiscal year and/or to pay dividends. Detail these processes specifying the minutes of Shareholders' Meetings in which the dividend distribution (in cash or in kind) was approved or not, if not provided for in the By-Laws.

Full compliance.

In the light of the Company's Business Plan, the Board of Directors prepares a retained earnings appropriation proposal that is included in the Annual Report. This proposal is then reviewed at the Shareholders' Meeting, according to the Argentine Business Associations Law.

PRINCIPLE VI. KEEP A DIRECT AND RESPONSIBLE BOND WITH THE COMMUNITY

The corporate governance framework shall:

Recommendation VI. Disclose to the community the issues concerning the Issuer and provide a direct communication channel with the company.

Answer whether or not:

VI.1. The Issuer has an updated public website which provides relevant information about the Company (such as, by-laws, economic group, structure of the Board of Directors, financial statements, Annual Report, etc.) and which also gathers users' concerns in general.

Full compliance.

The Company has a website with sufficient and updated information, which may be easily accessed from multiple channels. The available data includes relevant information on the Company (such as, by-laws, economic group, structure of the Board of Directors, annual and quarterly financial statements, Annual Report, etc.). The website includes contact information as well as several forms and mechanisms to gather concerns from the various users.

VI.2. The Issuer issues an annual Statement of Social and Environmental Responsibility, verified by an independent External Auditor. If so, specify the legal and geographical scope or coverage of such statement and where it is available. Specify which standards or initiatives have been adopted to implement the Corporate Social Responsibility policy (Global Reporting Initiative and/or the United Nations Global Compact, ISO 26000, SA 8000, the Millennium Development Goals, the Forética's SGE standard, AA 1000, Ecuador's Principles, among others).

Full compliance

The Company presented its second annual Sustainability Report which summarizes its social, environmental and economic management. It was prepared in accordance with the requirements of the G4 Guide of the Global Reporting Initiative: GRI. and its Media Sector Supplement, the 10 principles of the United Nations Global Compact. The Company also complied with ISO 26,000:2010 Social Responsibility International Standard and identified the Group's contribution to the objectives of the Sustainable Development Goals. In the materiality assessment, the Company implemented the standard AccountAbility 1000: AA1000SES (Stakeholder Engagement Standard) for our communication with our stakeholders.

The Company used GRI's Materiality Disclosures Service methodology to verify the correct location of the General Standard Disclosures G4-17 through G4-27 in both the Content Index and in the text of the final report. In addition, an independent external auditor conducted an external verification of the material G4 indicators.

PRINCIPLE VII. PAY FAIR AND RESPONSIBLE COMPENSATION

The corporate governance framework shall:

Recommendation VII. Set clear policies on the compensation of the Issuer's Board members and first-line managers, with special emphasis on conventional or statutory restrictions, based on whether the Issuer has made a profit or not.

Answer whether or not:

VII.1. The Issuer has a Compensation Committee in place:

VII.1.1. comprised by at least three members of the Board of Directors, most of them independent directors;

VII.1.2. presided over by an independent member of the Board of Directors;

VII.1.3. comprised by members with proven expertise and experience in human capital policies;

VII.1.4. which holds at least two meetings per year;

VII.1.5. which decisions in connection with the compensation of Board's members are not necessarily binding but rather consultative at General Shareholders' Meetings.

VII.2. If there is a Compensation Committee in place, answer whether or not:

VII.2.1. it ensures that the performance of the key employees bears a clear relationship with their fixed and variable compensation, taking into account the risks assumed and the management thereof;

VII.2.2. it supervises that the variable portion of the Board members' and first-line managers' compensation is linked to the Issuer's medium-term and long-term performance;

VII.2.3. it reviews the competitive position of Issuer's policies and practices in terms of compensation and benefits granted by comparable companies and recommends changes, where necessary;

VII.2.4. it defines and communicates the policy on retention, promotion, dismissal and suspension of key employees;

VII.2.5. it informs the guidelines to be followed in determining the retirement plans of the Issuer's Board members and first-line managers;

VII.2.6. it regularly reports to the Board of Directors and the Shareholders' Meeting on the actions carried out and the issues discussed at the meetings held;

VII.2.7. it guarantees the presence of the Compensation Committee's Chairman at the General Shareholders' Meeting where the Board of Directors' fees are approved in order to explain the Issuer's policy concerning the compensation of Board members and first-line managers.

VII.3. If deemed relevant, add any policy implemented by the Issuer's Compensation Committee that has not been mentioned in the above item.

VII.4. If there is no Compensation Committee in place, please explain how the functions described in Item VII.2 are performed within the Board of Directors.

Non-compliance

Pursuant to the Argentine General Business Associations Law No. 19,550, the determination and approval of the Board members' fees shall be exclusively handled by the shareholders at the Shareholders' Meeting. For the time being, the Shareholders have not deemed it necessary to implement said Committee.

PRINCIPLE VIII. ENCOURAGE CORPORATE ETHICS

The corporate governance framework shall:

Recommendation VIII. Ensure the Issuer's ethical conduct.

Answer whether or not:

VIII.1. The Issuer has a Code of Corporate Conduct. Specify the main guidelines of the Code and whether or not it is publicly known. Said Code is signed by, at least, the Board members and the first-line managers. Specify if suppliers and clients are encouraged to implement the code.

Full compliance.

As mentioned in Item I.2, the Company has a Code of Ethics and Conduct which deals with issues, such as, conflicts of interests, relations with the personnel, political and governmental relationships, corporate asset protection, disclosure of confidential information, opinion on public issues or disloyalty to the Company. This Code is signed by the Company's key executives, but it is not disclosed to third parties.

VIII.2. The Company has mechanisms in place to report any unlawful or unethical conduct, either in person or by electronic means, securing the highest confidentiality and integrity standards concerning the reported information, as well as information recording and conservation. Specify if the reception and assessment of whistleblower reports are handled by the Company's employees or by external and independent professionals to further protect the whistle-blowers.

Full compliance.

The Company has a whistle-blower hot line administered by the Internal Audit Department through which whistle-blowers may report unlawful conducts anonymously and the information can be handled confidentially.

VIII.3 The Issuer has policies, processes and systems in place to handle and address the whistle-blower reports mentioned in Item VIII.2. Describe the most relevant aspects of said policies, processes and systems and the degree of involvement of the Audit Committee in addressing whistle-blower reports, particularly those concerning internal control issues for accounting reporting and conducts of the Board members and first-line managers.

Full compliance.

The Company has a protocol to handle the anonymous reporting process. Said protocol embraces aspects related to: confidentiality, data management, notice to the Audit Committee, follow-up to prevent retaliation and adequate communication.

PRINCIPLE IX: EXPAND THE SCOPE OF THE CODE

The corporate governance framework shall:

Recommendation IX. Encourage the inclusion of provisions inherent to good corporate governance practices in the By-Laws

Answer whether or not:

The Board of Directors assesses whether or not the provisions of the Corporate Governance Code should be totally or partially reflected in the By-Laws, including the Board of Directors'

general and specific responsibilities. Specify which provisions have been actually included in the By-Laws from the Code's effective date up to the present.

Non-compliance.

The Company's By-laws include the corporate governance provisions required by effective legislation (such as the audit committee and the public offering regime). The Board of Directors is responsible for the adoption of general policies and strategies, which are updated based on the evolution of local and international trends. No provision included in the Company's By-laws contradicts the existing recommendations on corporate governance.

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,734

GRUPO CLARÍN S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017 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.
AGL	Artes Gráficas del Litoral 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.....	<i>Bolsa de Comercio de Buenos Aires</i> (Buenos Aires Stock Exchange).
Cablevisión	Cablevisión S.A.
Cablevisión Holding	Cablevisión Holding S.A.
Canal Rural.....	Canal Rural Satelital S.A.
CER.....	<i>Coficiente de Estabilización de Referencia</i> (Reference Stabilization Coefficient, a consumer price inflation coefficient)
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
Cúspide	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.
EPN	Electro Punto Net S.A.
Exponenciar.....	Exponenciar S.A.
FACPCE	<i>Federación Argentina de Consejos Profesionales de Ciencias Económicas</i> (Argentine Federation of Professional Councils in Economic Sciences)
FADRA	<i>Fundación de Automovilismo Deportivo de la República Argentina</i> (Argentine Motor Racing Foundation)
Fintech.....	Fintech Advisory, Inc. together with its affiliates
GCGC.....	GC Gestión Compartida S.A.
GCSA Investments	GCSA Investments, S.A.U
GC Minor	GC Minor S.A.
GC Services.....	Grupo Clarín Services, LLC
GDS.....	Global Depositary Shares
Grupo Carburando.....	Carburando S.A.P.I.C.A.F.I., Mundo Show S.A. and Mundo Show TV S.A.

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,734

Grupo Clarín, or the Company	Grupo Clarín S.A.
Grupo Radio Noticias	Grupo Radio Noticias S.R.L.

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,734

GRUPO CLARÍN S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017 PRESENTED ON A COMPARATIVE BASIS

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
LVI.....	La Voz del Interior S.A.
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.
Ríos de Tinta.....	Ríos de Tinta S.A de C.V.
SCI.....	Secretaría de Comercio Interior (Secretariat of Domestic Trade)
SECOM.....	Secretaría de Comunicaciones (Argentine Secretariat of Communications)
SHOSA.....	Southtel Holdings S.A.
SMC.....	Secretaría de Medios de Comunicación (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

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,734

GRUPO CLARÍN S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017 PRESENTED ON A COMPARATIVE BASIS

In Argentine Pesos (Ps.) – Notes 2.1 and 2.12 to the consolidated 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: April 27, 2017

Registration number with the IGJ: 1,669,734

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.

CAPITAL STRUCTURE

Type	Number of votes per share	Outstanding Shares	Treasury Stock	Total Subscribed, Registered and Paid-in Capital
Class "A" Common shares, with nominal value of Ps. 1	5	28,226,683	-	28,226,683
Class "B" Common shares, with nominal value of Ps. 1	1	69,202,059	1,485	69,203,544
Class "C" Common shares, with nominal value of Ps. 1	1	9,345,777	-	9,345,777
Total as of December 31, 2017		106,774,519	1,485	106,776,004
Total as of December 31, 2016		287,418,584	-	287,418,584

GRUPO CLARÍN S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
In Argentine Pesos (Ps.)

	Notes	December 31, 2017	December 31, 2016
Revenues	6.1	14,157,841,372	11,378,887,347
Cost of Sales ⁽¹⁾	6.2	<u>(8,766,746,469)</u>	<u>(7,003,551,922)</u>
Subtotal - Gross Profit		5,391,094,903	4,375,335,425
Selling Expenses ⁽¹⁾	6.3	(2,173,277,875)	(1,728,968,802)
Administrative Expenses ⁽¹⁾	6.3	(2,135,953,570)	(1,864,144,211)
Other Income and Expenses, net	6.6	77,752,601	55,465,753
Financial Costs	6.4	(255,977,492)	(267,623,007)
Other Financial Results, net	6.5	<u>(199,467,469)</u>	<u>(130,553,073)</u>
Financial Results		(455,444,961)	(398,176,080)
Equity in Earnings from Associates	5.4	<u>48,107,430</u>	<u>48,725,499</u>
Income before Income Tax and Tax on Assets		752,278,528	488,237,584
Income Tax and Tax on Assets	7	<u>(477,772,896)</u>	<u>(264,157,883)</u>
Income for the period from continuing operations		274,505,632	224,079,701
Discontinued Operations			
Net Income from Discontinued Operations	13	<u>2,366,560,702</u>	<u>3,955,531,485</u>
Net Income for the Year		<u><u>2,641,066,334</u></u>	<u><u>4,179,611,186</u></u>
Other Comprehensive Income			
Items which can be reclassified to net income			
Variation in Translation Differences of Foreign Operations from Continuing Operations		1,983,567	8,803,638
Variation in Translation Differences of Foreign Operations from Discontinued Operations		<u>(77,530,768)</u>	<u>422,449,177</u>
Other Comprehensive Income for the Year		<u>(75,547,201)</u>	<u>431,252,815</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,565,519,133</u></u>	<u><u>4,610,864,001</u></u>
Profit Attributable to:			
Shareholders of the Parent Company		1,686,091,799	2,530,041,832
Non-Controlling Interests		954,974,535	1,649,569,354
Total Comprehensive Income Attributable to:			
Shareholders of the Parent Company		1,658,024,021	2,748,667,739
Non-Controlling Interests		907,495,112	1,862,196,262
Basic and Diluted Earnings per Share from Continuing Operations ⁽²⁾		1.68	0.82
Basic and Diluted Earnings per Share from Discontinued Operations ⁽²⁾		8.42	7.98
Basic and Diluted Earnings per Share - Total ⁽²⁾		10.10	8.80

⁽¹⁾ Includes amortization of intangible assets and film library, and depreciation of property, plant and equipment in the amount of Ps. 244,077,545 and Ps. 183,484,509 for the years ended December 31, 2017 and 2016, respectively.

⁽²⁾ See Note 17.

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

GRUPO CLARÍN S.A.
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2017 AND 2016
In Argentine Pesos (Ps.)

	Notes	December 31, 2017	December 31, 2016
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	5.1	992,612,264	780,775,774
Intangible Assets	5.2	233,562,017	221,713,090
Goodwill	5.3	269,817,944	270,923,529
Deferred Tax Assets	7	619,543,526	532,896,812
Investments in Unconsolidated Affiliates	5.4	375,989,230	368,314,257
Other Investments	5.5	-	7,412,878
Inventories	5.6	21,579,780	15,805,039
Other Assets	5.7	6,639,302	2,122,552
Other Receivables	5.8	210,579,583	159,206,993
Trade Receivables	5.9	90,581,080	99,857,137
Total Non-Current Assets		2,820,904,726	2,459,028,061
CURRENT ASSETS			
Inventories	5.6	677,237,703	901,013,829
Other Assets	5.7	68,198,975	11,838,743
Other Receivables	5.8	590,218,759	486,550,805
Trade Receivables	5.9	4,776,942,928	3,582,782,739
Other Investments	5.5	701,760,111	328,346,695
Cash and Banks	5.10	356,729,917	416,006,084
Total Current Assets		7,171,088,393	5,726,538,895
Assets Held for Distribution to Shareholders	13	-	28,082,220,838
Total Assets		9,991,993,119	36,267,787,794
EQUITY (as per the corresponding statement)			
Attributable to Shareholders of the Parent Company			
Shareholders' Contributions		746,952,203	2,010,638,503
Other Items		(23,046,305)	755,638,189
Accumulated Income		3,465,192,314	6,860,110,364
Total Attributable to Shareholders of the Parent Company		4,189,098,212	9,626,387,056
Attributable to Non-Controlling Interests		39,531,594	4,416,373,963
Total Shareholders' Equity		4,228,629,806	14,042,761,019
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions and Other Charges	5.11	316,110,037	228,252,293
Debt	5.12	546,818,756	469,172,621
Deferred Tax Liabilities	7	-	209,849
Taxes Payable	5.14	54,841,073	59,188,405
Other Liabilities	5.15	65,394,982	61,662,068
Trade and Other Payables	5.16	60,504,175	27,347,968
Total Non-Current Liabilities		1,043,669,023	845,833,204
CURRENT LIABILITIES			
Debt	5.12	487,080,017	339,731,089
Seller Financings	5.13	6,500	14,256,467
Taxes Payable	5.14	407,679,158	296,868,894
Other Liabilities	5.15	462,533,761	508,464,913
Trade and Other Payables	5.16	3,362,394,854	2,958,209,807
Total Current Liabilities		4,719,694,290	4,117,531,170
Liabilities Held for Distribution to Shareholders	13	-	17,261,662,401
Total Liabilities		5,763,363,313	22,225,026,775
Total Equity and Liabilities		9,991,993,119	36,267,787,794

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

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,734

GRUPO CLARÍN S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
In Argentine Pesos (Ps.)

	Equity attributable to Shareholders of the Parent Company									Total Equity of Controlling Interests	Equity Attributable to Non-Controlling Interests	Total Equity
	Shareholders' Contributions				Other Items		Accumulated Income					
	Capital Stock	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Subtotal	Translation of Foreign Operations	Other Reserves	Legal Reserve	Optional Reserves	Retained Earnings			
Balances as of 1.1.2016	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	3,175,288,997	10,408,239,670
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 12.31.2016	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	4,416,373,963	14,042,761,019
Set-up of Reserves (Note 14)	-	-	-	-	-	(3,941,711)	-	2,050,041,832	(2,050,041,832)	(3,941,711)	-	(3,941,711)
Dividend Distribution	-	-	-	-	-	-	-	-	(480,000,000)	(480,000,000)	-	(480,000,000)
Dividends and Other Movements of Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	(659,142,978)	(659,142,978)
Exchange of Shares - Payment of fractions in cash (see Note 12 to the parent company only financial statements.)	-	-	-	-	-	(407,728)	-	-	-	(407,728)	-	(407,728)
Net Income for the Year	-	-	-	-	-	-	-	-	1,686,091,799	1,686,091,799	954,974,535	2,641,066,334
Spun-off Balances (See Note 13)	(180,642,580)	(194,762,882)	(888,280,838)	(1,263,686,300)	(749,470,539)	3,203,262	(75,081,092)	(3,691,570,698)	(834,358,059)	(6,610,963,426)	(4,625,194,503)	(11,236,157,929)
Other Comprehensive Income: Variation in Translation Differences of Foreign Operations	-	-	-	-	(28,067,778)	-	-	-	-	(28,067,778)	(47,479,423)	(75,547,201)
Balances as of 12.31.2017	⁽¹⁾ 106,776,004	115,122,371	525,053,828	746,952,203	36,984,995	(60,031,300)	44,379,675	⁽²⁾ 2,569,078,899	851,733,740	4,189,098,212	39,531,594	4,228,629,806

(1) Includes 1,485 treasury shares. See Note 14.1 to the consolidated financial statements

(2) Broken down as follows: (i) Optional reserve for future dividends of Ps. 1,071,751,261; (ii) Judicial reserve for future dividend distribution of Ps. 387,028,756; (iii) Optional reserve for illiquidity of results of Ps. 257,959,160; (iv) Optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law of Ps. 462,249,181; and (v) Optional reserve to ensure the liquidity of the Company and its subsidiaries of Ps. 390,090,541.

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

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,734

GRUPO CLARÍN S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
In Argentine Pesos (Ps.)

	December 31, 2017	December 31, 2016
CASH PROVIDED BY OPERATING ACTIVITIES		
Net Income for the Year	2,641,066,334	4,179,611,186
Income Tax and Tax on Assets	477,772,896	264,157,883
Accrued Interest, net	169,620,701	183,031,249
Adjustments to reconcile net income for the year to cash provided by operating activities:		
Depreciation of Property, Plant and Equipment	159,142,222	118,227,554
Amortization of Intangible Assets and Film Library	84,935,323	65,256,955
Net allowances	201,800,967	159,793,058
Financial Income, except interest	(34,295,136)	(68,031,076)
Equity in Earnings from Associates	(48,107,430)	(48,725,499)
Other Income and Expenses	(13,704,777)	(11,052,911)
Net Income from Discontinued Operations	(2,366,560,702)	(3,955,531,485)
Changes in Assets and Liabilities:		
Trade Receivables	(1,370,743,057)	(983,842,991)
Other Receivables	(536,228,733)	(63,198,167)
Inventories	211,981,732	(414,465,667)
Other Assets	(61,847,357)	(631,805)
Trade and Other Payables	542,465,589	442,781,306
Taxes Payable	19,714,844	(39,095,491)
Other Liabilities	446,516,188	221,036,747
Provisions	(71,987,072)	(67,620,230)
Income Tax and Tax on Assets Payments	(461,921,215)	(446,226,374)
Net Cash Flows provided by Discontinued Operating Activities	3,398,556,976	9,967,706,300
Net Cash Flows provided by Operating Activities	3,388,178,293	9,503,180,542
CASH PROVIDED BY INVESTMENT ACTIVITIES		
Acquisition of Property, Plant and Equipment, net	(383,889,786)	(311,359,194)
Acquisition of Intangible Assets	(88,573,930)	(144,909,009)
Payments for Acquisition of Subsidiaries, Net of Cash Acquired and Contributions in Associates	(19,646,213)	(17,992,376)
Proceeds from Sale of Property, Plant and Equipment	29,422,647	36,987,689
Dividends collected	340,364,599	35,625,464
Collections of Loans	38,093,000	-
Transactions with Securities, Bonds and Other Financial Instruments, Net	25,572,700	15,722,985
Collections of Certificates of Deposit	-	10,199,505
Net Cash Flows used in Discontinued Investment Activities	(3,185,408,150)	(11,042,912,576)
Net Cash Flows used in Investment Activities	(3,244,065,133)	(11,418,637,512)
CASH PROVIDED BY FINANCING ACTIVITIES		
Loans Obtained	1,360,310,243	1,232,757,451
Repayment of Loans and Issue Expenses	(836,351,288)	(755,903,702)
Payment of Interest	(223,898,962)	(177,912,086)
Collections on Derivatives	-	59,303,370
Payment of Fractions of Shares	(407,728)	-
Payment of Dividends	(480,000,000)	(300,000,000)
Payments to Non-Controlling Interests, net	(13,508,521)	(14,501,085)
Net Cash Flows used in Discontinued Financing Activities	(396,395,064)	(532,001,955)
Net Cash Flows used in Financing Activities	(590,251,320)	(488,258,007)
FINANCING RESULTS GENERATED BY CASH AND CASH EQUIVALENTS FOR CONTINUING OPERATIONS	113,236,367	89,775,694
FINANCING RESULTS GENERATED BY CASH AND CASH EQUIVALENTS FOR DISCONTINUED OPERATIONS	36,860,464	905,840,410
FINANCING RESULTS GENERATED BY CASH AND CASH EQUIVALENTS	150,096,831	995,616,104
Net decrease in cash flow	(296,041,329)	(1,408,098,873)
Cash and Cash Equivalents at the Beginning of the Year (Note 2.24)	3,350,687,285	2,705,563,078
Effect of (Deconsolidation) / Consolidation of Companies	(2,002,522,766)	2,053,223,080
Cash and Cash Equivalents at the Closing of the Year (Note 2.24)	1,052,123,190	3,350,687,285

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

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GRUPO CLARÍN S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017,
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 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 trademark Fibertel. See Notes 13 and 23.
- **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 children's magazine Genios is the children's magazine with the highest circulation in Argentina.
- **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 23 to these Consolidated Financial Statements describes the 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 that were spun off to the new company, as provided under IFRS. See Notes 2.23 and 13.

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 1, 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, 2017, presented on a comparative basis, have been prepared in accordance with IFRS. Certain additional matters were included as required by the Argentine General 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.

In preparing these consolidated financial statements for the year ending December 31, 2017, and for the purposes of presentation to the London Stock Exchange (LSE), the Company has followed accounting policies that are in accordance with IFRS.

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. Pursuant to the guidelines of IAS 29, there is not enough evidence to conclude that Argentina was a hyperinflationary economy as of December 31, 2017 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 at the meeting held on March 9, 2018, 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 the IFRS or revisions of IFRS issued, as per the detail below, since their application is not required for the year ended December 31, 2017:

- 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 1, 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. The standard 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 establishes the principles for the recognition, measurement, presentation and disclosure of leases.

However, in connection with IFRS 9 and 15, which entered into effect on January 1, 2018, the Company quantified the accounting impact and concluded that it is not significant for these financial statements. Regarding IFRS 16, the Company is analyzing its accounting impact as of the date of these financial statements.

2.3. Standards and Interpretations issued and adopted to date

As of the date of these consolidated financial statements, no new standards have been issued that apply 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 Note 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:

Companies	Direct or Indirect Interest in the Capital Stock and Votes (%)	
	December 31, 2017	December 31, 2016
Cablevisión ^{(1) (3)}	-	60.0%
Nextel ⁽³⁾	-	60.0%
AGEA	100.0%	100.0%
AGR	100.0%	100.0%
CIMECO	100.0%	100.0%
ARTEAR ⁽²⁾	99.3%	99.3%
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 ⁽⁴⁾	-	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⁾ Dissolved on December 28, 2017.

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 equity 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 line items "Equity attributable to non-controlling interests" and "Net Income attributable to non-controlling interests" in these financial statements, as required by IFRS. As mentioned in Note 13, the Company included information until April 30, 2017.

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 of accounting 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 acquired company. 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, identified during the measurement period, are adjusted against the acquisition cost.

The measurement period is the effective period that begins on the acquisition date and ends on the date on which the Company obtains all the information about the facts and circumstances existing on the acquisition date, which may not extend beyond one year after 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 the statement of income.

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

In the cases of business combinations conducted in stages, the Company's equity interest in the acquiree is remeasured at fair value on its acquisition date (i.e., the date on which the Company obtained control) and the resulting gain or loss, if any, is recognized in the statement of income or in other comprehensive income, as appropriate according to the source 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 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 Investments 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.

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 Investments 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, 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, after the fair value measurement, the Company's share in the fair value of the net identifiable assets of the acquiree exceeds the amount of the transferred consideration, the amount of any non-controlling interest in such company and the fair value of the interest previously held by the acquirer in the acquiree (if any), that excess is immediately recognized in the statement of comprehensive income as income from purchase in very profitable terms.

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 a subsidiary, the amount attributable to goodwill is included in the calculation of the gain or loss for retirement.

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 it is probable that the Company will obtain economic benefits.

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.

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 and Other Payables.

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 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.

The exchange differences were charged to income for the period in which they were generated.

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 were charged to income for the period in which they were generated.

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 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 probable 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 probable 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.

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.

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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.

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.

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.

2.20 Provisions and Other Charges

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 probable 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 in this category are classified as current if the Company expects them to be traded within 12 months; otherwise, they are classified as non-current.

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.

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.

In the case of balances in foreign currency, they were translated at the exchange rate effective as of the closing of year for the settlement of these transactions. The exchange differences were charged to 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, except for those with maturities beyond 12 months as from the closing date.

Loans in foreign currency have been valued as mentioned above, at the exchange rates effective at the closing of each year. The exchange differences were charged to 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.

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 effective at the closing of each period. The exchange differences were charged to income for each year.

2.21.2.2 Trade and Other Payables

Trade payables with fixed or determinable payments not traded in an active market are classified as "Trade and Other Payables". Trade and Other Payables 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 and Other Payables are classified as current, except for those with maturities beyond 12 months from the closing date.

Trade and Other Payables in foreign currency have been valued as mentioned above, at the exchange rates effective at the closing of each year. The exchange differences were charged to income for each year.

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.

2.22 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.

2.23 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.

2.24 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, 2017	December 31, 2016
Cash and Banks	356,729,917	416,006,084
Short-Term Investments	695,393,273	305,789,321
Subtotal	1,052,123,190	721,795,405
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	1,052,123,190	3,350,687,285

2.25 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 probable 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 probable 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.

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 controlled company Cablevisión and its subsidiaries. See Note 13.
- Printing and 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, 2017 and 2016, 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 23 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, 2017 and 2016.

As mentioned in Note 13 to these consolidated financial statements, the information as of December 31, 2017 on the cable television, Internet Access and Telephony Services contains information for the four-month period beginning January 1, 2017 and ended April 30, 2017.

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Information arising from Consolidated Income Statements as of December 31, 2017	Cable Television, Internet Access and Telephony Services (5)	Printing and Publishing	Broadcasting and Programming	Digital Content and Other	Deletions (1)	Adjustments (2)	Consolidated
Net Sales to Third Parties ⁽³⁾	12,519,416,832	6,362,125,763	6,408,183,131	1,091,688,428	-	(12,223,572,782)	14,157,841,372
Intersegment Sales	13,502,567	306,991,973	152,505,649	646,353,183	(810,006,755)	(309,346,617)	-
Net Sales	12,532,919,399	6,669,117,736	6,560,688,780	1,738,041,611	(810,006,755)	(12,532,919,399)	14,157,841,372
Cost of sales - excluding depreciation and amortization	(4,498,985,122)	(3,950,584,302)	(3,752,046,992)	(1,145,031,950)	272,834,634	4,498,985,122	(8,574,828,610)
Subtotal	8,033,934,277	2,718,533,434	2,808,641,788	593,009,661	(537,172,121)	(8,033,934,277)	5,583,012,762
Expenses - excluding depreciation and amortization							
Selling Expenses	(1,737,869,160)	(1,845,377,564)	(305,898,779)	(200,820,694)	195,651,609	1,737,869,160	(2,156,445,428)
Administrative Expenses	(1,353,117,630)	(1,078,478,924)	(843,134,278)	(520,533,641)	341,520,512	1,353,117,630	(2,100,626,331)
Adjusted EBITDA	4,942,947,487	(205,323,054)	1,659,608,731	(128,344,674)	-	(4,942,947,487)	1,325,941,003
Depreciation of Property, Plant and Equipment							(159,142,222)
Amortization of Intangible Assets and Film Library ⁽⁴⁾							(84,935,323)
Financial Costs							(255,977,492)
Other Financial Results, net							(199,467,469)
Financial Results							(455,444,961)
Equity in Earnings from Associates							48,107,430
Other Income and Expenses, net							77,752,601
Income Tax and Tax on Assets							(477,772,896)
Income for the year from continuing operations							274,505,632
Discontinued Operations							
Net Income from Discontinued Operations							2,366,560,702
Net Income for the Year							2,641,066,334
Additional Consolidated Information as of December 31, 2017							
Acquisition of Property, Plant and Equipment	3,098,568,761	68,227,187	289,315,932	26,346,667	-	(3,098,568,761)	383,889,786
Acquisition of Intangible Assets	478,240,913	66,720,576	8,054,535	13,798,819	-	(478,240,913)	88,573,930
Ordinary Income from Foreign Operations	334,673,249	-	-	-	-	(334,673,249)	-
Non-Current Assets Held Abroad	-	12,761,196	-	-	-	-	12,761,196

⁽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 23 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.

⁽⁵⁾ Information corresponding to the four-month period beginning January 1, 2017 and ended April 30, 2017.

Signed for identification purposes
with the report dated March 9, 2018

See our report dated
March 9, 2018
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: 1,669,734

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 Associates							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 23 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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PRICE WATERHOUSE & CO. S.R.L.

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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, 2017
	Balance at the Beginning	Additions	Retirements	Transfers	
Real Property	524,549,718	1,183,307	(10,614,981)	3,204,089	518,322,133
Furniture and Fixtures	81,763,458	11,802,781	(4,680,650)	6,991,376	95,876,965
Telecommunication, Audio and Video Equipment	282,966,798	78,365,051	(31,007)	31,584,843	392,885,685
Computer Equipment	445,030,391	118,253,298	(6,474,203)	26,013,306	582,822,792
Technical Equipment	58,128,506	5,201,162	(976,448)	40,257	62,393,477
Workshop Machinery	654,766,053	15,393,333	(52,492,764)	2,680,913	620,347,535
Tools	1,590,278	159,513	-	-	1,749,791
Spare Parts	78,777,815	9,724,053	(41,320,803)	-	47,181,065
Installations	238,905,251	10,205,951	(8,143,326)	33,483,217	274,451,093
Vehicles	18,640,394	3,003,527	(1,147,736)	-	20,496,185
Works-In-Progress	75,075,683	119,156,115	-	(107,732,179)	86,499,619
Leasehold Improvements	50,895,712	11,441,695	(38,598)	272,753	62,571,562
Total as of December 31, 2017	2,511,090,057	383,889,786	(125,920,516)	(3,461,425)	2,765,597,902

Main Account	Accumulated Depreciation			Balance as of December 31, 2017	Net Book Value as of December 31, 2017
	Balance at the Beginning	Retirements	For the year		
Real Property	187,628,137	(2,815,138)	13,133,500	197,946,499	320,375,634
Furniture and Fixtures	64,400,280	(4,676,430)	4,057,510	63,781,360	32,095,605
Telecommunication, Audio and Video Equipment	232,031,359	(31,007)	21,980,143	253,980,495	138,905,190
Computer Equipment	355,660,432	(6,466,505)	60,790,517	409,984,444	172,838,348
Technical Equipment	45,807,904	-	4,695,640	50,503,544	11,889,933
Workshop Machinery	551,438,298	(52,492,764)	12,932,019	511,877,553	108,469,982
Tools	1,322,763	-	7,503	1,330,266	419,525
Spare Parts	60,099,885	(41,309,991)	8,432,311	27,222,205	19,958,860
Installations	190,151,814	(8,087,469)	17,933,062	199,997,407	74,453,686
Vehicles	11,823,137	(554,893)	2,417,786	13,686,030	6,810,155
Works-In-Progress	-	-	-	-	86,499,619
Leasehold Improvements	29,950,274	(36,670)	12,762,231	42,675,835	19,895,727
Total as of December 31, 2017	1,730,314,283	(116,470,867)	159,142,222	1,772,985,638	992,612,264

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,734

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	63,673,594	8,800,611	(28,257,264)	-	6,678,771	50,895,712
Allowance for Impairment of Property, Plant and Equipment and Obsolescence of Materials	(22,701,624)	-	22,701,624	-	-	-
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					Net Book Value as of December 31, 2016
	Balance at the Beginning	Deconsolidation of Subsidiaries (1)	Retirements	For the year	Balances as of December 31, 2016	
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)	-	-	-	-
Works-In-Progress	390,796	-	(390,796)	-	-	75,075,683
Leasehold Improvements	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.

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						Balance as of December 31, 2017
	Balance at the Beginning	Cumulative Translation Adjustment	Additions	Acquisition of Businesses	Retirements	Transfers	
Exploitation Rights and Licenses	35,532,340	-	10,181,844	-	-	-	45,714,184
Exclusivity Agreements	19,846,212	-	169,999	(1,951,579)	-	-	18,064,632
Other Rights	12,082,224	-	-	-	-	-	12,082,224
Acquisition Value of Subscriber Portfolio	853,750	-	-	-	-	-	853,750
Software	229,141,340	-	30,037,501	-	(16,104)	31,839,354	291,002,091
Trademarks and Patents	70,357,402	1,050,234	1,656,103	(293,620)	(68,695)	-	72,701,424
Projects in-Progress	26,077,527	-	47,846,678	-	-	(28,377,929)	45,546,276
Other	98,954,017	-	-	-	(3,254,213)	-	95,699,804
Total as of December 31, 2017	492,844,812	1,050,234	89,892,125	(2,245,199)	(3,339,012)	3,461,425	581,664,385

Main Account	Accumulated Amortization					Balance as of December 31, 2017	Net Book Value as of December 31, 2017
	Balance at the Beginning	Cumulative Translation Adjustment	Acquisition of Businesses	Retirements	For the year		
Exploitation Rights and Licenses	23,815,286	-	-	-	5,998,378	29,813,664	15,900,520
Exclusivity Agreements	14,805,281	-	(1,951,579)	-	1,002,138	13,855,840	4,208,792
Other Rights	11,430,010	-	-	-	432,411	11,862,421	219,803
Acquisition Value of Subscriber Portfolio	853,750	-	-	-	2,923,053	3,776,803	(2,923,053)
Software	129,077,982	-	-	(12,346)	56,452,322	185,517,958	105,484,133
Trademarks and Patents	12,389,951	392,015	(293,620)	(1,329)	2,430,576	14,917,593	57,783,831
Projects in-Progress	-	-	-	-	-	-	45,546,276
Other	78,759,462	-	-	(1,795,903)	11,394,530	88,358,089	7,341,715
Total as of December 31, 2017	271,131,722	392,015	(2,245,199)	(1,809,578)	80,633,408	348,102,368	233,562,017

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							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	Balances as of December 31, 2016	
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.

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").

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 CIMECO's and its subsidiaries' cash flows is of approximately 7.32%.

Main Account	Residual Value	Allowance for Goodwill impairment	Net Balances as of December 31, 2017	Net balances as of December 31, 2016
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)	-	-
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	44,992,530	(10,591,317)	34,401,213	35,506,798
Total	373,010,649	(103,192,705)	269,817,944	270,923,529

5.4. Investments in Unconsolidated Affiliates

			Interest (%) (1)	Value Recorded as of December 31, 2017	Value Recorded as of December 31, 2016
	Main business activity	Country			
<u>Included in assets</u>					
Interest in Associates					
Papel Prensa	Manufacturing of Newsprint	Argentina	49.00	133,802,131	169,878,762
Other Investments				6,368,132	6,632,746
Interests in Joint Operations					
TSC	Exploitation of events television broadcasting rights	Argentina	50.00	10,391,986	9,091,465
TRISA	Production and exploitation of sports events, advertising agency and financial and investing operations	Argentina	50.00	152,742,490	109,356,908
Canal Rural	Audiovisual production and sale of advertising	Argentina	64.99	12,248,569	14,351,137
Impripost	Variable printing	Argentina	50.00	3,429,588	8,964,915
AGL	Printing	Argentina	50.00	16,147,904	15,195,663
Exponenciar	Organization, holding, production and commercial exploitation of exhibitions and events, and/or promotion and/or advertising for the purposes of promoting various activities.	Argentina	50.00	4,148,993	-
Ríos de Tinta	Editorial activities	Mexico	50.00	12,761,196	11,135,712
Patagonik	Film producer	Argentina	33.33	23,948,241	23,706,949
				<u>375,989,230</u>	<u>368,314,257</u>
<u>Included in liabilities</u>					
Interests in Joint Operations					
Other Investments				-	1,234,644
				-	<u>1,234,644</u>

(1) Interest in capital stock and votes

Equity in Earnings from Associates

	December 31, 2017	December 31, 2016
Papel Prensa	(36,076,628)	(14,719,089)
TRISA	91,223,640	47,838,058
AGL	3,330,530	1,006,681
Canal Rural	4,202,589	5,762,220
Ríos de Tinta	(1,060,532)	(956,885)
Impripost	(5,535,328)	(1,640,468)
Other Companies	<u>(7,976,841)</u>	<u>11,434,982</u>
	<u>48,107,430</u>	<u>48,725,499</u>

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

	December 31, 2017	December 31, 2016
Dividends received	5	1
Summarized financial information:		
Current assets	326	279
Non-current assets	528	436
Current liabilities	551	333
Non-current liabilities	17	20
Revenues	1,362	1,074
Net Income from Continuing Operations	(73)	(28)
Total Comprehensive Income	(73)	(28)

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

	December 31, 2017	December 31, 2016
Dividends received	63	33
Summarized financial information:		
Assets		
Cash and Cash Equivalents	274	390
Other Current Assets	933	617
Current assets	1,207	1,007
Non-current assets	216	176
Liabilities		
Current Debt	56	46
Other Current Liabilities	787	659
Current liabilities	843	705
Non-Current Debt	24	34
Other Non-Current Liabilities	88	69
Non-current liabilities	112	103
Revenues	2,857	2,111
Depreciation and Amortization	(32)	(24)
Interest Income	13	14
Interest Expense	(24)	(36)
Income Tax and Tax on Assets	(121)	(66)
Net Income from Continuing Operations	217	118
Other Comprehensive Income	5	-
Total Comprehensive Income	222	118

5.5 Other Investments

	December 31, 2017	December 31, 2016
Non-Current		
Financial Instruments	-	7,412,878
	<u>-</u>	<u>7,412,878</u>
Current		
Financial Instruments	189,464,731	135,043,852
Securities	1,010,535	7,382,019
Mutual Funds	511,284,845	185,920,824
	<u>701,760,111</u>	<u>328,346,695</u>

5.6 Inventories

	December 31, 2017	December 31, 2016
Non-Current		
Film Products and Rights	21,579,780	15,805,039
	<u>21,579,780</u>	<u>15,805,039</u>
Current		
Raw Materials and Supplies	264,273,550	308,811,229
Products-in-Process	-	2,186,176
Finished Goods	212,024,669	201,340,358
Film Products and Rights	208,974,791	394,127,582
Other	-	866,053
Subtotal	685,273,010	907,331,398
Less: Allowance for Impairment of Inventories	(8,035,307)	(6,317,569)
	<u>677,237,703</u>	<u>901,013,829</u>

5.7 Other Assets

	December 31, 2017	December 31, 2016
Non-Current		
Works of Art	461,697	461,696
Other	6,177,605	1,660,856
	<u>6,639,302</u>	<u>2,122,552</u>
Current		
Other	68,198,975	11,838,743
	<u>68,198,975</u>	<u>11,838,743</u>

5.8 Other Receivables

	December 31, 2017	December 31, 2016
Non-Current		
Tax Credits	177,728,616	135,113,000
Deposits in Guarantee	7,173,711	5,250,965
Advances	5,997,055	1,880,637
Related Parties (Note 16)	10,833,296	9,453,296
Other	10,414,485	9,076,675
Allowance for Other Bad Debts	(1,567,580)	(1,567,580)
	<u>210,579,583</u>	<u>159,206,993</u>
Current		
Tax Credits	306,364,499	200,003,480
Court-ordered and Guarantee Deposits	5,630,622	5,248,923
Prepaid Expenses	49,154,531	48,709,847
Advances	110,386,037	87,037,408
Related Parties (Note 16)	6,490,516	45,386,440
Sundry Receivables	59,870,650	22,469,157
Other	77,415,737	80,343,584
Allowance for Other Bad Debts	(25,093,833)	(2,648,034)
	<u>590,218,759</u>	<u>486,550,805</u>

5.9 Trade Receivables

	December 31, 2017	December 31, 2016
Non-Current		
Trade Receivables	90,581,080	99,857,137
	<u>90,581,080</u>	<u>99,857,137</u>
Current		
Trade Receivables	4,681,296,774	3,537,101,580
Related Parties (Note 16)	190,857,760	144,856,996
Allowance for Bad Debts	(95,211,606)	(99,175,837)
	<u>4,776,942,928</u>	<u>3,582,782,739</u>

5.10 Cash and Banks

	December 31, 2017	December 31, 2016
Cash and Imprest Funds	13,424,911	11,874,223
Banks	343,305,006	404,131,861
	<u>356,729,917</u>	<u>416,006,084</u>

5.11. Provisions and Other Charges

	December 31, 2017	December 31, 2016
Non-Current		
Provisions for Lawsuits and Contingencies	311,017,663	223,591,727
Accrual for Asset Retirement	5,092,374	4,660,566
	<u>316,110,037</u>	<u>228,252,293</u>

5.12 Debt

	December 31, 2017	December 31, 2016
Non-Current		
Financial Loans	531,621,107	83,392,075
Acquisition of equipment	4,368,553	8,518,437
Related Parties (Note 16)	10,829,096	377,262,109
	<u>546,818,756</u>	<u>469,172,621</u>
Current		
Bank Overdraft	163,015,222	198,586,266
Financial Loans	309,140,749	134,063,965
Acquisition of equipment	4,645,603	3,583,977
Interest and Restatement	10,278,443	3,496,881
	<u>487,080,017</u>	<u>339,731,089</u>

The following table details the changes in loans and indebtedness for the year ended December 31, 2017 and the prior year:

	2017	2016
Balances as of January 1	808,903,710	6,935,089,262
New Loans and Indebtedness ⁽¹⁾	1,360,310,243	1,232,757,451
Accrued Interest	225,693,252	188,672,485
Exchange rate fluctuations and other financial effects	41,729,024	7,110,615
Spun-off Balances ⁽²⁾	(367,813,013)	(6,621,169,498)
Payment of Interest	(213,472,521)	(177,652,903)
Payment of Principal	(821,451,922)	(755,903,702)
Balances as of December 31	<u>1,033,898,773</u>	<u>808,903,710</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

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	
Financial Loans	459,004,107	72,617,000	531,621,107
Acquisition of equipment	4,368,553	-	4,368,553
Related Parties	10,829,096	-	10,829,096
Total as of December 31, 2017	474,201,756	72,617,000	546,818,756

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	163,015,222	-	-	-	163,015,222
Financial Loans	60,985,539	107,494,639	37,665,525	102,995,046	309,140,749
Acquisition of equipment	1,075,786	1,133,168	1,188,805	1,247,844	4,645,603
Interest and Restatement	8,988,797	1,005,068	30,468	254,110	10,278,443
Total as of December 31, 2017	234,065,344	109,632,875	38,884,798	104,497,000	487,080,017

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

5.12.1 AGEA and subsidiaries

As of December 31, 2017, Tinta Fresca and Cúspide had executed overdraft facility agreements with banks for a maximum of Ps. 54 million and Ps. 78 million, respectively. Those overdraft facilities accrue interest at a fixed annual rate ranging from 29% to 33.75%.

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.

On September 27, 2017, LVI executed a loan agreement with Banco Santander Rio for Ps. 70 million. This loan has a total term of 36 months and accrues interest during the first 12 months at an annual fixed rate of 26.5% and during the remaining term until maturity it accrues interest at a variable rate based on the adjusted Badlar rate for Private Banks, plus a 4.5% margin, payable on a quarterly basis. Principal will be repaid in 9 quarterly installments of approximately Ps. 7.8 million. The first installment is due on September 27, 2018. In addition, on October 5, 2017, LVI entered into a loan agreement with Banco Macro S.A. for Ps. 14.5 million, with a 6-month term, which accrues interest on a monthly basis at an annual fixed rate of 28.75%. Principal and interest are due at maturity.

5.12.2 GCGC

On September 25, 2012, GCGC executed a mortgage agreement on a building located at Patagones 2550 with Banco de la Ciudad de Buenos Aires. Under the agreement, the bank granted GCGC a loan of up to Ps. 30 million to finance the repair, recycling and improvement of the mortgaged building. Principal under the loan was repaid within a term of 60 (sixty) months, with a grace period of 24 (twenty-four) months; i.e. in 36 (thirty six) monthly consecutive installments calculated under the French repayment system. That loan accrued interest at the average Badlar rate for Private Banks plus 100 (one hundred) basis points. The aggregate amount of the

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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 had fully repaid said loan.

In addition, on January 27, 2016, GCGC executed a loan agreement with Banco Santander Río S.A. for Ps. 6 million to purchase storage due to technological upgrading. The term of the loan is 36 (thirty-six) months with a grace period of 12 (twelve) months. Principal will be repaid in 9 (nine) equal quarterly installments as from the 12th (twelfth) 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.

5.12.3 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 the first anniversary of the origination of the loan. The funds were used to finance a project for the acquisition of capital assets and manpower 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 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 the first anniversary of 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. As of December 31, 2017, 5 installments were paid.

On May 5, 2017, ARTEAR entered into a bilateral loan agreement with Banco Itaú Argentina S.A. for up to Ps. 160 million, to finance working capital, capital expenditures and the company's needs for the development of its activities. Principal will be repaid in one installment due within a term of two years as from disbursement and will accrue interest payable on a monthly basis at an annual nominal rate of 24.75%. In connection with that loan, ARTEAR has undertaken certain covenants, which include the maintenance of a shareholders' equity of Ps. 500 million or more.

On May 15, 2017, ARTEAR and Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch executed an agreement whereby ARTEAR is the borrower under a bilateral loan for a principal amount of USD 15 million, payable within a 3-year term in equal consecutive semiannual installments. The first installment is due on the first anniversary of the origination of the loan. The funds will be used to refinance certain debts and other general corporate purposes. Principal accrues interest at an annual nominal fixed rate of 5.50% payable on a semiannual basis as from the origination of the loan. In connection with that loan, ARTEAR has undertaken certain covenants, which include the maintenance of certain ratios related to that company's financial debt within the values established by the bank, which to date are met.

On June 16, 2017, ARTEAR and Itau BBA International plc executed an agreement whereby ARTEAR is the borrower under a bilateral loan for a principal amount of USD 5 million, payable within a 2-year term in only one installment at maturity. Principal accrues interest at a variable annual rate established based on three-month LIBOR, plus a 4.50% margin, payable on a quarterly basis since the origination of the loan. In connection with that loan, ARTEAR has undertaken certain covenants, which include the maintenance of a shareholders' equity of Ps. 500 million or more.

5.12.4 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.

5.12.5 Radio Mitre

On July 5, 2017, Radio Mitre and Banco Santander Río S.A. executed an agreement whereby Radio Mitre is the borrower under a bilateral loan for a principal amount of Ps. 50 million, payable within a 3-year term in equal consecutive quarterly installments. The first installment is due on the first anniversary of the origination of the loan. The funds will be used to finance working capital and investments. Principal accrues interest at a fixed rate of 23.50% during the first 12 months and during the remaining term at an established variable rate based on the BADLAR rate for private banks, plus a 4.50% margin, payable on a quarterly basis since the origination of the loan.

5.13 Sellers Financing

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

	Due			Total as of December 31, 2017	Total as of December 31, 2016
	Up to 3 months	From 3 to 6 months	From 6 to 9 months		
<u>Current Sellers Financing</u>					
On Capital Stock	6,500	-	-	6,500	14,256,467

5.14 Taxes Payable

	December 31, 2017	December 31, 2016
Non-Current		
Taxes Payable on a National Level	54,841,073	59,188,405
	<u>54,841,073</u>	<u>59,188,405</u>
Current		
Taxes Payable on a National Level	393,970,263	288,590,887
Taxes Payable on a Provincial Level	13,136,644	5,777,723
Taxes Payable on a Municipal Level	572,251	2,500,284
	<u>407,679,158</u>	<u>296,868,894</u>

5.15 Other Liabilities

	December 31, 2017	December 31, 2016
Non-Current		
Deposits in Guarantee	300,383	256,239
Call Options (Note 10)	55,947,000	47,670,000
Investments in Unconsolidated Affiliates (Note 5.4)	-	1,234,644
Other	9,147,599	12,501,185
	<u>65,394,982</u>	<u>61,662,068</u>
	December 31, 2017	December 31, 2016
Current		
Advances from Customers	253,609,718	307,477,354
Dividends Payable	4,343,778	809,857
Related Parties (Note 16)	776,293	3,539,651
Unearned Revenue	125,419,939	119,754,967
Other	78,384,033	76,883,084
	<u>462,533,761</u>	<u>508,464,913</u>

5.16 Trade and Other Payables

	December 31, 2017	December 31, 2016
Non-Current		
Suppliers and Trade Provisions	-	1,193,880
Employer's Contributions	60,504,175	26,154,088
	<u>60,504,175</u>	<u>27,347,968</u>
Current		
Suppliers and Trade Provisions	2,119,965,931	1,928,047,164
Related Parties (Note 16)	64,236,549	68,385,785
Employer's Contributions	1,178,192,374	961,776,858
	<u>3,362,394,854</u>	<u>2,958,209,807</u>

5.17 Changes in provisions and allowances

Items	Balance at the Beginning	Increases	Decreases	Balances as of December 31, 2017	Balances as of December 31, 2016
Deducted from Assets					
Allowance for Bad Debts	103,391,451	63,039,913 (1)	(44,558,345) (1)	121,873,019	103,391,451
Allowance for Impairment of Inventories	6,317,569	2,009,607 (2)	(291,869)	8,035,307	6,317,569
Allowance for Goodwill impairment	103,192,705	-	-	103,192,705	103,192,705
Valuation Allowance (5)	129,266,061	26,086,362 (3)	(3,299,372)	152,053,051	129,266,061
Total	342,167,786	91,135,882	(48,149,586)	385,154,082	342,167,786
Included in liabilities					
Provisions for Lawsuits and Contingencies	223,591,727	172,117,873 (4)	(84,691,937) (4)	311,017,663	223,591,727
Accrual for Asset Retirements	4,660,566	431,808 (4)	- (4)	5,092,374	4,660,566
Total	228,252,293	172,549,681	(84,691,937)	316,110,037	228,252,293

(1) Includes net increases of Ps. 70,610,411 which have been charged to Selling expenses (see Note 6.3).

(2) Includes Ps. 1,717,738 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. 129,472,818 which have been charged to Contingencies (see Note 6.3) and Ps. 33,358,881 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.

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

	December 31, 2017	December 31, 2016
Advertising Sales	7,150,773,582	5,790,418,652
Circulation Sales	3,462,715,203	2,645,517,496
Printing Services Sales	270,811,783	360,960,973
TV Signals Sales	1,229,097,325	942,484,850
Sale of Goods	412,463,288	165,959,174
Other Sales	1,631,980,191	1,473,546,202
Total ⁽¹⁾	14,157,841,372	11,378,887,347

(1) Includes sales executed through barter transactions as of December 31, 2017 and 2016 for Ps. 286.2 million and Ps. 285.4 million, respectively.

6.2 Cost of Sales

	December 31, 2017	December 31, 2016
Inventories at the beginning of the year	923,136,437	517,702,414
Incorporation of companies	-	1,827,136
Deconsolidation of Subsidiaries (1)	-	(4,921,974)
Purchases for the year	2,099,582,398	2,075,103,365
Production and Services Expenses (Note 6.3)	6,450,880,424	5,336,977,418
Less: Inventories at year-end	(706,852,790)	(923,136,437)
Cost of Sales	8,766,746,469	7,003,551,922

⁽¹⁾ See Note 13.

6.3. Production and Services, Selling and Administrative Expenses

Item	Production and Services Expenses	Selling Expenses	Administrative Expenses	Total as of December 31, 2017	Total December 31, 2016
Fees for Services	685,660,933	201,866,994	296,752,373	1,184,280,300	1,030,857,855
Salaries, Social Security and Benefits to Personnel ⁽¹⁾	3,001,596,602	515,512,924	1,255,910,089	4,773,019,615	4,112,773,719
Advertising and Promotion Expenses	-	452,456,012	1,742,073	454,198,085	361,291,492
Taxes, Duties and Contributions	154,036,460	88,323,377	47,795,090	290,154,927	218,769,558
Bad Debts	-	70,610,411	-	70,610,411	33,914,214
Travel Expenses	158,330,013	17,032,198	36,685,758	212,047,969	186,392,968
Maintenance Expenses	207,735,067	9,730,320	66,340,831	283,806,218	250,598,718
Distribution Expenses	82,781,442	608,615,319	-	691,396,761	748,826,129
Communication Expenses	40,847,774	10,499,642	14,948,840	66,296,256	54,044,616
Contingencies	-	-	129,472,818	129,472,818	122,876,589
Stationery and Office Supplies	11,314,727	3,265,075	8,323,313	22,903,115	23,108,502
Commissions	-	48,292,950	2,088,579	50,381,529	55,289,917
Productions and Co-Productions	505,889,858	-	-	505,889,858	404,209,588
Printing Expenses	441,936,086	-	-	441,936,086	9,209,175
Rights	72,522,898	-	-	72,522,898	114,059,186
Services and Satellites	122,876,780	2,469,098	63,388,621	188,734,499	149,845,660
Severance Payments	391,310,295	64,805,361	84,690,176	540,805,832	413,301,060
Non-Computable VAT	76,976,633	-	-	76,976,633	42,708,043
Leases	174,932,841	9,114,894	16,019,215	200,066,950	181,343,010
Amortization of Intangible Assets	48,231,250	11,812,385	20,589,773	80,633,408	61,147,285
Amortization of Film Library	4,301,915	-	-	4,301,915	4,109,670
Depreciation of Property, Plant and Equipment	139,384,694	5,020,062	14,737,466	159,142,222	118,227,554
Impairment of Inventories and Obsolescence of Materials	1,717,738	-	-	1,717,738	3,002,255
Other Expenses	128,496,418	53,850,853	76,468,555	258,815,826	230,183,668
Total as of December 31, 2017	<u>6,450,880,424</u>	<u>2,173,277,875</u>	<u>2,135,953,570</u>	<u>10,760,111,869</u>	
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>

(1) As of December 31, 2017 and 2016, it includes a recovery corresponding to the calculation of employer's contributions as tax credit on VAT by certain subsidiaries (Decree No. 746/03 issued by the Executive Branch), for approximately Ps. 439 million and Ps. 344 million, respectively, as mentioned in Notes 8.3.f. and 8.3.g.

6.4 Financial Costs

	December 31, 2017	December 31, 2016
Financial Discounts on Liabilities	-	(1,525,079)
Interest	(234,169,411)	(234,028,516)
Exchange Differences	(15,419,798)	(30,652,537)
Other Financial Costs	(6,388,283)	(1,416,875)
Total	<u>(255,977,492)</u>	<u>(267,623,007)</u>

6.5 Other Financial Results, net

	December 31, 2017	December 31, 2016
Exchange Differences	(45,486,855)	(2,945,871)
Interest	64,548,710	50,997,267
Financial Discounts on Assets and Liabilities	(30,252,754)	(11,710,971)
Other Taxes and Expenses	(188,592,851)	(174,924,976)
Results from transactions with securities and bonds	(248,850)	242,085
CER Restatement	565,131	(218,402)
Income from Changes in the Fair Value of Financial Instruments	-	8,007,795
Total	<u>(199,467,469)</u>	<u>(130,553,073)</u>

6.6 Other Income and Expenses, net

	December 31, 2017	December 31, 2016
Income from Sale of Property, Plant and Equipment	27,913,369	37,036,971
Other	49,839,232	18,428,782
Total	<u>77,752,601</u>	<u>55,465,753</u>

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, 2017 and 2016 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, 2017	December 31, 2016
Income before Income Tax	752,279	488,238
Current Rate	35%	35%
Income Tax Assessed at the Current Tax Rate on Income before Income Tax	(263,298)	(170,883)
Permanent Differences:		
Equity in Earnings from Associates	16,838	17,054
Non-Taxable Income	(56,679)	(59,728)
Effect of the change in the tax rate ⁽¹⁾	(133,396)	-
Other	22,432	19,775
Subtotal	(414,103)	(193,782)
Expired Tax Loss Carryforwards	(4,758)	(404)
Valuation Allowance for Net Deferred Tax Assets Charged to Income	(48,613)	(64,067)
Total Income Tax	(467,474)	(258,253)
Deferred Tax	86,857	192,770
Current Tax	(554,332)	(451,023)
Income Tax Assessed for the Year	(467,475)	(258,253)
Tax on assets	(10,298)	(5,905)
Total	<u>(477,773)</u>	<u>(264,158)</u>

- ⁽¹⁾ Corresponding to the effect of applying the changes in the income tax rates, as per the tax reform detailed in the following note, to deferred tax assets and liabilities according to the year in which they are expected to be realized.

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

	December 31, 2017	December 31, 2016	Changes Year 2017	Changes Year 2016
Deferred Assets				
Tax Loss Carryforwards	500,218	424,137	76,081	197,795
Inventories	32,016	33,557	(1,541)	(2,513)
Other Investments	10,328	20,381	(10,053)	393
Provisions and Other Charges	76,376	66,613	9,763	(66,999)
Trade Receivables	55,294	64,239	(8,945)	(36,225)
Other Liabilities	74,606	50,919	23,687	39,946
Accounts Payable	8,657	9,611	(954)	(119,821)
	757,495	669,457	88,038	12,576
Deferred Tax Liabilities				
Property, Plant and Equipment	(20,832)	(31,818)	10,986	190,174
Intangible Assets	(1,158)	(1,443)	285	25,836
Other Assets	(11,397)	(8,111)	(3,286)	(7,266)
Subtotal	(33,387)	(41,372)	7,985	208,744
Valuation Allowance on Tax Loss Carryforwards - (Charges)	(104,564)	(95,398)	(9,166)	(63,524)
	(137,951)	(136,770)	(1,181)	145,220
Total Net Deferred Tax Assets / (Liabilities)	619,544	532,687	86,857	157,796

(1) Includes Ps. 24 million as of December 31, 2017 under Assets Held for Distribution to Shareholders.

As of December 31, 2017, the Company's and its subsidiaries' accumulated consolidated tax loss carryforwards amounted to approximately Ps. 1,740,479 thousand, which calculated at the tax rate that will be in effect at the time the Company expects it will use them amount to Ps. 500,218 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	Tax Loss Carryforwards
2018	12,768
2019	141,014
2020	169,455
2021	588,244
2022	828,998

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

Tax Reform in Argentina

On December 29, 2017, the National Executive Branch enacted Law No. 27,430 - Income Tax. This law introduced several changes in the treatment of income tax, among which the following are the most important:

(i) Income tax rate: Income tax rates for Argentine companies are reduced from 35% to 30% for fiscal periods beginning as from January 1, 2018 until December 31, 2019, and to 25% for fiscal periods beginning as from January 1, 2020.

(ii) Tax on dividends: The new law introduces a tax on dividends or profits distributed, among others, by Argentine companies or permanent establishments to: individuals, undivided estates or foreign beneficiaries, with the following considerations: (i) dividends derived from profits generated during fiscal years beginning as from January 1, 2018 and until December 31, 2019 will be subject to a 7% withholding; and (ii) dividends derived from profits generated during fiscal years beginning on or after January 1, 2020, will be subject to a 13% withholding.

Dividends derived from profits generated up to and including the fiscal year preceding the fiscal year beginning on or after January 1, 2018, will continue to be subject, for all the beneficiaries of those dividends, to a 35% withholding on the dividends distributed in excess of the accumulated taxable income (transition period of the equalization tax.)

(iii) Optional Revaluation for Tax Purposes: The law provides that companies may opt to make a revaluation for tax purposes of assets located in Argentina that generate taxable income. The special tax on the amount of the revaluation depends on the asset: 8% for real estate that does not qualify as inventories, 15% for real estate that qualifies as inventories, and 10 % for chattel and other assets. The taxpayer that opts for the special revaluation regime must do so on all the assets that belong to the same category. The special revaluation tax may not be deducted from income tax, and the taxable income generated by the revaluation is not subject to income tax.

(iv) Inflation Adjustment of Deductions: Acquisitions or investments made in fiscal years beginning as from January 1, 2018 will be adjusted for inflation based on the percentage variations of the Domestic Wholesale Price Index ("IPIM", for its Spanish acronym) published by the National Institute of Statistics and Census. Such adjustment will increase deductible amortization and tax cost in the event of a sale.

NOTE 8 - PROVISIONS AND OTHER CONTINGENCIES

8.1 Regulatory Framework

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.

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. Therefore, the court has to render a decision.

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 proceeding was in the discovery stage.

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 proceeding was in the discovery stage.

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, discovery proceedings have been initiated and evidence is being produced.

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.

On November 10, 2016, the Company was served notice of a claim brought by Argentina's National Social Security Administration in re "National Government - Ministry of Economy and Finance v. GRUPO CLARÍN S.A. on Ordinary Proceeding" File -22,658/2015, 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 28, 2015. As of the date of these financial statements, the Company has filed a response and the proceeding is in the discovery stage.

On April 3, 2017, the Company was served notice of a claim brought by Argentina's National Social Security Administration in re "National Government - Ministry of Economy and Finance v. GRUPO CLARÍN S.A. on Ordinary Proceeding" File -22,832/2014, 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 29, 2014. As of the date of these financial statements, the Company has filed a response and the proceeding is in the discovery stage.

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, 2017 would amount to approximately Ps. 12.3 million for taxes and Ps. 47.1 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.

On December 18, 2017, the company was served with Resolution No. 132/2017 (DV MRRI) which imposed on CIMECO a fine of approximately Ps. 33 million for an alleged omission of income tax for fiscal periods 2003-2007, pursuant to Section 45 of Law No. 11,683.

CIMECO and its legal and tax advisors believe CIMECO has strong grounds to defend the criteria adopted in its tax returns. Such criteria would also provide a reasonable basis to hold that the fine imposed was illegitimate. Therefore, CIMECO considers that AFIP's claims will not prosper before a judicial 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, the contingency would amount to approximately Ps. 28.9 million, out of which Ps. 9.3 million would correspond to taxes on dividend

payments made on February 25, 2004, February 24, 2005 and February 24, 2006; 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, 2010, the tax authorities issued their own official assessment and imposed penalties. The company appealed the tax authorities' resolution before the National Tax Court on February 8, 2011. On June 1, 2011, the 2.5% Appeal Fee was credited.

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 before a judicial court. Accordingly, TRISA has not booked a provision in these financial statements 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 sought 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 was 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. 58,652). The claim brought by the IGJ sought 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. 7,147, Book No. 59 of Share Companies. According to the IGJ and as the case file was said to show, GC Dominio had 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, and the court of appeals confirmed the decision rendered by the Court of First Instance. On July 13, 2017, the file was returned to the Court of First Instance, which deemed the case closed, based on a presentation submitted by the IGJ, whereby that entity abandoned the claim. GC Dominio consented to said abandonment.
- e. As a result of a report on suspicious transactions issued by the Argentine Federal Revenue Service ("AFIP") concerning transactions carried out between the Company and some 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.

- 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. Through the Joint Confidential Resolution dated October 30, 2017 (No. RRFCO-2017-12-APN-DIR-CNV), subsequently supplemented with the Joint Confidential Resolution dated November 24, 2017 (No. RRFC-2017-16-APN-DIR, served on the Company on December 4, 2017, the CNV decided to initiate summary proceedings against the Company and the members of its Board of Directors, Supervisory Committee and Audit Committee as of the date of the alleged breach for alleged infringement of their duty to disclose the execution of an irrevocable contribution agreement with the Company's subsidiary AGEA on June 24, 2014, as a relevant fact, pursuant to Section 1, 2 and 3, subsection 16), Chapter I, Title XII of the Rules. The subsidiary of the Company, AGEA, as well as its directors and syndics are also subject to summary proceedings. Each of them filed their respective responses in due time and form.

In addition, through the Joint Confidential Resolution No. RRFCO-2017-11-APN-DIR#CNV dated October 30, 2017 served on December 1, 2017, the CNV decided to initiate summary proceedings against the Company and the members of its Board of Directors, Supervisory Committee and Audit Committee and the Market Relations Officer as of the date of the alleged breach for alleged infringement of their duty to disclose the appeal filed against the injunction issued on December 20, 2011 in re "Supercanal S.A. vs. Cablevisión S.A. and Other on Complaint for the protection of constitutional rights, Injunction", and the dismissal of the appeal by the Federal Court of Appeals of Mendoza, as a relevant fact, pursuant to Section 1, 2 and 3, subsection 16), Chapter I, Title XII of the Rules. Cablevisión, as well as its directors and members of the Supervisory Committee and the Market Relations Officer on the date of the alleged non-compliance are also subject to the summary proceedings. As of the date of these financial statements, each of them filed their respective responses in due time and form.

- h. 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. 69 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.
- 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 Section 5, subsection a), the first part of Section 6 and Section 8, subsection a) paragraph V) of the Annex to Decree No. 677/01; with Sections 1, 2 and 3, subsection 9) of Chapter XXI of the REGULATIONS (T.R. 2001 as amended) –now

Section 1 of Part I, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Sections 2 and 3 subsection 9) of Part II, Chapter I, Title XII of the REGULATIONS (T.R. 2013 as amended); with Section 11 subsection a.12) of Chapter XXVI of the REGULATIONS (T.R. 2001 as amended) –now Section 11 subsection 13) of Part IV, Chapter I, Title XV of the REGULATIONS (T.R. 2013 as amended); with Section 99 and 100 of Law No. 26,831; and with Sections 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 Section 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 August 22, 2017, the Federal Court on Administrative Matters No. 4 issued an injunction, requested by the Argentine Chamber of Independent TV Producers (“CAPIT”, for its Spanish acronym), whereby it extended for six months the effectiveness of the benefits set forth in Decree No. 746/03, which allows for the application of employer’s contributions as tax credit on VAT, in the case of the companies that are members of the CAPIT. On February 14, 2018, the above-mentioned Court extended for six months the effectiveness of the injunction in favor of the CAPIT.

Since Pol-Ka is a member of the CAPIT, it has been calculating employer’s contributions as tax credit on VAT as from August 2017.

On February 14, 2018, the above-mentioned Court extended for six months the effectiveness of the injunction in favor of the CAPIT.

- k. 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. 5 million for late-payment interest and fines, calculated as of December 31, 2017.

The official value-added tax assessment amounts to Ps. 0.8 million for tax differences and Ps. 2.7 million for late-payment interest and fines, calculated as of December 31, 2017.

On October 21, 2015, the AFIP served IESA with a notice stating the income tax and value added tax charges assessed for fiscal period 2009 and ordering the initiation of summary proceedings for alleged omitted taxes. The AFIP mainly challenged the deduction of 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. 1.2 million for income tax and Ps. 6 million for late-payment interest and fines, calculated as of December 31, 2017.

The official value-added tax assessment amounts to Ps. 0.5 million for tax differences and Ps. 3.9 million for late-payment interest and fines, calculated as of December 31, 2017.

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.

TSC executed an agreement with AFA whereby TSC undertook to withdraw the claim and waive its right to litigation, within the framework of negotiations regarding potential new businesses related to audiovisual rights to Argentine first division soccer tournament matches. Finally, TSC abandoned the claim it had brought, which was consented both by the National Government and by AFA.

As of the date of these financial statements, the Judge acknowledged said abandonment.

- b. 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.

On September 4, 2017, the Court of First Instance rejected the claim brought by the entity representing consumers and alleged financial victims and by individuals. As of the date of these consolidated financial statements, both parties filed an appeal against that decision and the file is currently pending for its resolution before the Court of Appeals.

- c. 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. The proceeding is currently in the discovery stage.

- d. 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.

- e. 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 said decision. Therefore, the summary action for the protection of constitutional rights became moot.

- f. 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 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.

- g. 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.

- h. 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 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, 2017.

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.

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 1, 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.

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.

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 at the Shareholders' Meeting held on September 27, 2011. Papel Prensa, the shareholders 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. 1,032/10, 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. V 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.

On March 30, 2017, the hearing that had been called by Chamber C of the National Court of Appeals on Commercial Matters was held. At that hearing, Papel Prensa requested that the majority of the claims involving Papel Prensa be declared moot considering the decisions rendered at the Shareholders' Meeting held on October 19, 2016. On October 4, 2017, the Court of Appeals rendered a decision on more than 90 proceedings declaring them moot as requested and revoking - among others- Resolutions No. 16,647, 16,671 and 16,691 issued by the CNV. Both decisions rendered by the Court of Appeals became final. Papel Prensa submitted the same request to the Court of First Instance on Commercial Matters, before which the claims that were not submitted to the court of appeals are pending. A decision has not yet been rendered on the matter. At the General Annual Ordinary Shareholders' Meeting that approved the financial statements of Papel Prensa for the

year ended December 31, 2016, the shareholders disapproved the management of the representatives of the National Government in the Board of Directors and in the Oversight Board who held office until February 2016, as well as the performance of the syndics who held office until the Shareholders' Meeting of October 19, 2016, also in representation of the National Government, and decided to bring a corporate liability action (Section 276 of Law 19,550, as amended).

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 2 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, with strong criticism about 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 were 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 by 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.

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).

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.

Compañía de Medios Digitales S.A. holds a *Licencia Única Argentina Digital* and the value-added service (Internet access) is registered in its license.

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.

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 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*.

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.

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

The ENACOM issued Resolution No. 135/2017, whereby it deemed that ARTEAR had opted to request an extension under Section 20 of Decree No. 267/15 and stated that the term for the first period of TEN (10) years, with the right to an automatic extension for a term of FIVE (5) more years, shall be calculated as from January 2, 2017.

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. 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).

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.

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 USD 3 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 USD 4.8 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.

In connection with the acquisitions mentioned in Note 12.d., 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 mentioned in Note 12.d, all the reciprocal call and put options on all of the shares owned by each of the parties were exercised.

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.

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.

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

	December 31, 2017	December 31, 2016
Loans ⁽ⁱ⁾	1,034	809
Less: Cash and Cash Equivalents		
Cash and Banks	(357)	(416)
Other Current Investments	(695)	(306)
Net Debt ⁽ⁱⁱ⁾	(18)	87
Adjusted EBITDA	1,326	966
Debt-to-Equity Ratio ⁽ⁱⁱ⁾	(0.01)	0.09

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

⁽ⁱⁱ⁾ As of December 31, 2017, the cash and cash equivalents balance exceeds the amount of loans.

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

	December 31, 2017	December 31, 2016
Financial Assets		
Loans and Receivables ⁽¹⁾		
Cash and Banks	357	416
Investments	47	30
Receivables ⁽²⁾	5,625	4,294
At fair value with an impact on net income		
Investments	655	306
Total Financial Assets	6,684	5,046
Financial Liabilities		
At amortized cost		
Debt ⁽³⁾	1,034	809
Accounts Payable and Other Liabilities ⁽⁴⁾	3,371	2,983
Total Financial Liabilities	4,405	3,792

⁽¹⁾ Net of the allowance for doubtful accounts of approximately Ps. 122 million and Ps. 103 million, respectively.

⁽²⁾ Includes receivables with related parties of approximately Ps. 208 and Ps. 200 million, respectively.

⁽³⁾ Includes loans with related parties of approximately Ps. 11 million and Ps. 377 million, respectively.

⁽⁴⁾ Includes debts with related parties of approximately Ps. 65 million and Ps. 72 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.

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, 2017 and 2016:

	(in millions of Argentine pesos) December 31, 2017	(in millions of Argentine pesos) December 31, 2016
ASSETS		
Other Assets	1	-
Other Receivables	13	53
Trade Receivables	214	176
Other Investments	143	33
Cash and Banks	106	143
Total assets	477	405
LIABILITIES		
Debt	392	368
Seller financings	-	14
Other Liabilities	15	14
Trade and Other Payables	467	407
Total Liabilities	874	803

Bid/offered exchange rates as of December 31, 2017 and 2016 were of Ps. 18.549 and Ps. 18.649; and Ps. 15.79 and Ps. 15.89; 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. 79 million and Ps. 80 million as of December 31, 2017 and 2016, respectively.

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.

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, 2017 and 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 basis points higher and all the variables had remained constant, the additional estimated loss before taxes would have been of approximately Ps. 2 million and Ps. 1.7 million as of December 31, 2017 and 2016, 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, 2017</u>	<u>December 31, 2016</u>
Investments valued at quoted prices at closing (Level 1)	512	215

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. 51 million and Ps. 21 million as of December 31, 2017 and 2016, respectively.

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. 14 million and Ps. 9 million as of December 31, 2017 and 2016, 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 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 3% and 4% of accounts receivable as of December 31, 2017 and 2016, respectively.

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 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, 2017:

Maturities	Debt	Other debt
Matured	-	678
Without any established term	-	179
First Quarter 2018	260	2,064
Second Quarter 2018	137	358
Third Quarter 2018	58	52
Fourth Quarter 2018	128	30
More than 1 year	606	232
	1,189	3,593

Information as of December 31, 2016:

Maturities	Debt	Other debt
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
	989	3,290

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:

	December 31, 2017	Quoted Prices (Level 1)	Other Significant Observable Items (Level 2)
<u>Assets</u>			
Current Investments	655	512	143
	December 31, 2016	Quoted Prices (Level 1)	Other Significant Observable Items (Level 2)
<u>Assets</u>			
Current Investments	306	215	91

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.

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.

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

	December 31, 2017		December 31, 2016	
	Book Value	Fair Value	Book Value	Fair Value
Non-Current Debt	547	450	469	443

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 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.

On February 7, 2017, CMD exercised the call option for 6.66% of the equity interest in Interwa S.A. for an amount of USD 100,000.

- e. 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.
- f. 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%.
- g. 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.
- h. 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 one 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.
- i. 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 one 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

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As described in Note 23 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):

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

In connection with the same situations mentioned above, the following is a detail of the results for the four and twelve-month periods ended April 30, 2017 and December 31, 2016, respectively, classified as discontinued operations in these consolidated financial statements (in millions of Argentine Pesos):

	April 30, 2017	December 31, 2016
Revenues	12,243	30,571
Cost of Sales ⁽¹⁾	(5,458)	(14,262)
Subtotal - Gross Profit	6,785	16,309
Selling Expenses ⁽¹⁾	(1,760)	(4,398)
Administrative Expenses ⁽¹⁾	(1,322)	(3,641)
Income from Acquisition of Companies	-	114
Other Income and Expenses, net	10	(11)
Financial Costs	42	(2,586)
Other Financial Results	(201)	127
Financial Results, net	(159)	(2,459)
Equity in Earnings from Associates	53	111
Income before Income Tax and Tax on Assets	3,607	6,025

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Income Tax and Tax on Assets	<u>(1,240)</u>	<u>(2,069)</u>
Net Income from Discontinued Operations	<u>2,367</u>	<u>3,956</u>

- ⁽¹⁾ Includes amortization of intangible assets, and depreciation of property, plant and equipment in the amount of Ps. 1,242 million and Ps. 1,147 million for the four-month period ended April 30, 2017 and Ps. 1,147 million for the year ended December 31, 2016.

In connection with the same situations mentioned above, the following is a detail of the cash flows for the four-month period ended April 30, 2017 and for the year ended December 31, 2016, classified as discontinued operations in these consolidated financial statements (in millions of Argentine Pesos):

	April 30, 2017	December 31, 2016
CASH PROVIDED BY OPERATING ACTIVITIES		
Net Income from Discontinued Operations	2,367	3,956
Income Tax and Tax on Assets	1,240	2,069
Accrued Interest, net	164	512
Adjustments to reconcile net income for the period to cash provided by discontinued operations:		
Depreciation of Property, Plant and Equipment	1,222	2,519
Amortization of Intangible Assets and Film Library	20	141
Net allowances	230	519
Financial Income, except interest	(173)	1,220
Equity in Earnings from Associates	(53)	(111)
Income from Acquisition of Associates	-	(114)
Other Income and Expenses	(2)	(7)
Net Decrease of Property, Plant and Equipment	87	331
Net Decrease of Intangible Assets	-	3
Changes in Assets and Liabilities	(1,506)	276
Income Tax and Tax on Assets Payments	(196)	(1,346)
Net Cash Flows provided by Discontinued Operating Activities	<u>3,400</u>	<u>9,968</u>
CASH PROVIDED BY INVESTMENT ACTIVITIES		
Acquisition of Property, Plant and Equipment, net	(3,099)	(9,044)
Acquisition of Intangible Assets	(478)	(23)
Payments for Acquisition of Subsidiaries, Net of Cash Acquired	-	(2,032)
Proceeds from Sale of Property, Plant and Equipment and other	2	8
Dividends collected	38	1
Collections of Interest	-	19
Collection of Certificates of Deposit	-	118
Transactions with Securities, Bonds and Other Financial Instruments, Net	351	(90)
Net Cash Flows used in Discontinued Investment Activities	<u>(3,186)</u>	<u>(11,043)</u>
CASH PROVIDED BY FINANCING ACTIVITIES		
Loans Obtained	408	7,500
Repayment of Loans and Issue Expenses	(390)	(6,489)
Payment of Interest	(63)	(962)
(Settlement) Collection on Derivatives	(26)	23
Payments to Non-Controlling Interests, net	(326)	(604)
Net Cash Flows used in Discontinued Financing Activities	<u>(397)</u>	<u>(532)</u>

NOTE 14 – CAPITAL STOCK, RESERVES, ACCUMULATED INCOME AND DIVIDENDS

14.1 – Capital stock

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 five votes per share.
- 186,281,411 Class B book-entry common shares, with nominal value of Ps. 1 each and entitled to one vote per share.
- 25,156,869 Class C common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to one 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, having authorized the Company to consider (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.

As mentioned in Note 23, on April 27, 2017, the IGJ registered the Corporate Reorganization Transaction mentioned in that note and, therefore, the equity of the Company has been reduced, effective as of the Effective Date of the Spin-off, to Ps. 106,776,004, represented by:

- 28,226,683 Class A common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to five votes per share.
- 69,203,544 Class B book-entry common shares, with nominal value of Ps. 1 each and entitled to one vote per share.
- 9,345,777 Class C common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to one vote per share.

Having obtained all of the required regulatory authorizations, on August 30, 2017, Grupo Clarín and Cablevisión Holding exchanged their shares pursuant to the exchange ratio approved by Grupo Clarín's shareholders at the time of approval of the spin-off process. As a result of the exchange of shares and payment of fractions in cash, the Company holds 1,485 treasury shares as of December 31, 2017.

14.2 – Reserves, retained earnings and dividends

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Balances at the beginning of the year:		
Legal Reserve	119,460,767	119,460,767
Retained Earnings	2,530,041,832	1,884,929,369
Other Reserves	(58,885,123)	(3,653,767)
Optional Reserves	<u>4,210,607,765</u>	<u>2,625,678,396</u>
Total	6,801,225,241	4,626,414,765
Net Income Attributable to the Shareholders of the Controlling	1,686,091,799	2,530,041,832
Changes in Reserves for Acquisition of Investments	(3,941,711)	(55,231,356)
Dividend Distribution	(480,000,000)	(300,000,000)
Payment of Fractions of Shares	(407,728)	-
Spun-off Balances	<u>(4,597,806,587)</u>	<u>-</u>
Balance at the end of the year	<u><u>3,405,161,014</u></u>	<u><u>6,801,225,241</u></u>

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.

On April 27, 2017, at the Annual Ordinary Shareholders' Meeting of the Company, the shareholders decided, among other things, to appropriate the net income for the fiscal year 2016, which amounted to Ps.

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2,530,041,832, as follows: (i) Ps. 480,000,000 to the distribution of dividends payable within 30 days as from the date of the Shareholders' Meeting, (ii) Ps. 1,000,000,000 to the reserve for future dividends and (iii) Ps. 1,050,041,832 to the creation of an optional reserve to ensure the liquidity of the Company and its subsidiaries. As of the date of these financial statements, the Company has paid all of the distributed dividends.

b. Cablevisión

On March 30, 2017, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to distribute cash dividends in the amount of Ps. 1,600 million, payable in Argentine Pesos or US Dollars, in two installments, the first one to be paid within a term of thirty days as from the date of such Shareholders' Meeting and the second one to be paid on December 31, 2017 or earlier, as determined by the Board of Directors, and delegated on the Board of Directors of Cablevisión the power to establish the time and payment method. Of that amount, approximately Ps. 640 million corresponds to the non-controlling interest in this company. As of the date of these financial statements, Cablevisión has paid all of the distributed dividends.

NOTE 15 - NON-CONTROLLING INTEREST

	December 31, 2017	December 31, 2016
Balances as of January 1	4,416,373,963	3,175,288,997
Equity in the Earnings of Other Companies for the year	954,974,535	1,649,569,354
Dividends and Other Movements of Non-Controlling Interest	(659,142,978)	(621,111,296)
Spun-off Balances	(4,625,194,503)	-
Variation in Translation Differences of Foreign Operations	(47,479,423)	212,626,908
Balance at the end of the year	39,531,594	4,416,373,963

The following is a detail of certain supplementary information required by IFRS about the non-controlling interest in Cablevisión as of December 31, 2016. 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. As of December 31, 2017, the non-controlling interests are not significant on an individual or a joint basis.

	December 31, 2016
Country	Argentina
Non-controlling interest percentage	40.0%
Comprehensive income for the year allocated to non-controlling interest	1,739
Accumulated non-controlling interest at year-end	3,928
<u>Summarized financial information:</u>	
Dividends distributed to Non-Controlling Interests	600
Current assets	5,822
Non-current assets	21,610
Current liabilities	7,203
Non-current liabilities	9,964
Revenues	30,571
Net Income from Continuing Operations	4,060
Other Comprehensive Income	422
Total Comprehensive Income	4,482
Cash and Cash Equivalents at Year-end	2,629

NOTE 16 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following table contains the outstanding balances with related parties:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>Other Receivables</u>		
Non-Current		
Under Joint Control	10,833,296	9,449,096
Other Related Parties	-	4,200
	<u>10,833,296</u>	<u>9,453,296</u>
Current		
Under Joint Control	1,712,712	1,712,712
Other Related Parties	4,777,804	43,673,728
	<u>6,490,516</u>	<u>45,386,440</u>
<u>Trade Receivables</u>		
Current		
Under Joint Control	163,910,402	25,636,838
Other Related Parties	26,947,358	119,220,158
	<u>190,857,760</u>	<u>144,856,996</u>
<u>Trade and Other Payables</u>		
Current		
Under Joint Control	18,536,802	16,533,444
Other Related Parties	45,699,747	51,852,341
	<u>64,236,549</u>	<u>68,385,785</u>
<u>Debt</u>		
Non-Current		
Under Joint Control	10,829,096	9,449,096
Other Related Parties	-	367,813,013
	<u>10,829,096</u>	<u>377,262,109</u>
<u>Other Liabilities</u>		
Current		
Other Related Parties	776,293	3,539,651
	<u>776,293</u>	<u>3,539,651</u>

The following table shows the operations with related parties for the years ended December 31, 2017 and 2016:

	Item	December 31, 2017	December 31, 2016
Under Joint Control			
	Advertising Sales	22,864,666	27,221,296
	Printing Services Sales	8,731	(1,892,056)
	Other Sales	136,360,027	96,769,444
	Fees for Services	6,825	57,862
	Printing and Distribution Costs	(24,573,008)	(32,250,670)
	Interest Income	2,380,000	2,386,521
	Interest Expense	(2,996,603)	(2,386,521)
	Other Purchases	(2,214,152)	-
	Advertising and Promotion Expenses	(11,327,930)	(8,094,133)
	Other Expenses	(2,473,323)	-
Other Related Parties			
	Advertising Sales	121,592,965	96,282,881
	Printing Services Sales	41,572,948	55,274,765
	Circulation Sales	111,214	30,079
	TV Signals Sales	301,451,558	208,240,322
	Other Sales	496,899,889	401,284,896
	Fees for Services	(2,309,214)	(2,413,443)
	Printing and Distribution Expenses	(147,769)	(660,261)
	Interest Expense	(14,234,906)	(2,342,563)
	Services and Satellites Expenses	(6,470,332)	(3,543,231)
	Communication Expenses	(13,751,790)	(13,631,693)
	Advertising and Promotion Expenses	(2,377,522)	(7,358,940)
	Other Purchases	(417,775,213)	(306,884,709)
	Other Expenses	(6,592,070)	(8,249,554)

The fees paid to the Board of Directors and the Upper Management of Grupo Clarín for the years ended December 31, 2017 and 2016 amounted to approximately Ps. 390 million and Ps. 340 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, 2017	December 31, 2016
Net Income used in the Calculation of Basic Earnings per Share (gain):		
From Continuing Operations	280,567,832	1,873,615,997
From Discontinued Operations	1,405,523,967	656,425,835
	<u>1,686,091,799</u>	<u>2,530,041,832</u>
Weighted Average of the Number of Common Shares used in the Calculation of Basic Earnings per Share	166,989,702	287,418,584
Earnings per Share	10.10	8.80

The weighted average of outstanding shares for the year ended December 31, 2017 was 166,989,702. Since no debt securities convertible into shares were recorded, the same weighted average should be used for the calculation of diluted earnings per share.

	December 31, 2017	December 31, 2016
Basic and Diluted Earnings per Share		
From Continuing Operations	1.68	0.82
From Discontinued Operations	8.42	7.98
Total Earnings per Share	10.10	8.80

On April 27, 2017, the shareholders of the Company decided to distribute dividends in the amount of Ps. 480 million (Ps. 1.67 per share taking into consideration a total of 287,418,584 outstanding shares as of that date).

NOTE 18 - COVENANTS, SURETIES AND GUARANTEES PROVIDED

- a. IESA is subject to contractual restrictions on the transfer of its equity interest in TRISA and Tele Net Image Corp.
- b. 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.
- c. During 2014, AGR financed the acquisition of machinery and equipment through leasing agreements mentioned in Note 5.12.1 to these consolidated financial statements. Grupo Clarín and AGEA are joint debtors of said financing.
- d. On July 24, 2015, Grupo Clarín became the guarantor of certain financial obligations of AGEA, AGR and Cúspide with Banco Itaú Argentina S.A.
- e. During the year 2016, the Company became the guarantor of a loan granted by Banco Santander Río S.A. to GCGC. The guarantee will be effective until January 2019.

- f. During the year 2016, the Company became the guarantor of a loan granted by Banco Santander Río S.A. to Auto Sport. The guarantee will be effective until February 2019.
- g. The Company became the guarantor for up to Ps. 34 million to secure certain financial obligations of EPN with Banco Santander Río S.A. effective until March 2018.
- h. The Company became the guarantor for up to Ps. 10 million to secure certain financial obligations of CMD with Banco Ciudad de Buenos Aires effective until March 2018.
- i. The Company became the guarantor for up to Ps. 70 million to secure certain financial obligations of LVI with Banco Santander Río S.A. effective until September 2020.

NOTE 19 - 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 1, 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, 2017, such supplementary contributions made by the Company on a consolidated basis amount to approximately Ps. 43 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.

NOTE 20 – OPERATING LEASES**20.1 The Company as Lessee**

As of December 31, 2017 and 2016, 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, 2017	December 31, 2016
1 year	117	85
Between 1 and 5 years old	437	246
	<u>554</u>	<u>331</u>

20.2 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, 2017	December 31, 2016
1 year	8	11
Between 1 and 5 years old	2	4
	<u>10</u>	<u>15</u>

NOTE 21 - 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, 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. 1,023/2013 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 one hundred and eighty days until all deficiencies found by the CNV are solved. Said 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.

GRUPO CLARÍN S.A.

Registration number with the IGJ: 1,669,734

NOTE 22 - REORGANIZATION PROCESS OF AGEA WITH AGR

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.

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 its financial position, in order to face severance payments to the personnel that used to work at that facility.

On December 27, 2017, the Board of Directors of AGEA and the Board of Directors of AGR approved the negotiations leading to the merger between them. The optimized use of the technical, administrative and financial structures of AGEA and AGR, the direct interest of AGEA in AGR's capital stock and the streamlining of its operating costs are the reasons and purposes deemed relevant to conduct this merger process.

In order to consummate the merger, AGEA would absorb AGR, which would be dissolved without liquidation. The effective date of the merger would be as from January 1, 2018. The financial statements that will be used as the basis for the merger will be those issued by AGEA and AGR as of December 31, 2017. The above-mentioned merger process is subject to the corresponding corporate approvals.

NOTE 23 - 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 allows the implementation of 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 is able to focus on its own markets, risks, organizational processes and capital structures.

As a result of the Merger, and since Grupo Clarín was the direct and indirect holder of 100% of the capital stock of the absorbed companies, Grupo Clarín's capital stock was not increased. Therefore, it was not necessary to establish an exchange ratio. In addition, the absorbed companies were dissolved early without liquidation and Grupo Clarín assumed, 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 the spin-off, as provided under the Merger and Spin-off Prospectus filed with the CNV and published in the Financial Information Highway, the Company transferred 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, after the Corporate Reorganization was executed, Cablevisión Holding S.A. became the owner, directly or indirectly, of 60% of the capital stock and votes of Cablevisión and of 100% of the participation of GCSA Equity, LLC. Grupo Clarín retained and continued with all activities, operations, assets and liabilities that were not specifically allocated to Cablevisión Holding S.A.

The Corporate Reorganization was registered with the IGJ on April 27, 2017. In view of the above and taking into consideration that, under the terms of the spin-off, the effective date of the Spin-off (the "Effective Date of the Spin-off") would be the first day of the month following the date on which the latest of the following registrations has been 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, the Effective Date of the Spin-off was May 1, 2017. As from this date, Cablevisión Holding S.A. began activities on its own, and the accounting and tax effects of the Spin-off became effective, and the Company transferred to Cablevisión Holding S.A. the operations, risks and benefits described in the Exhibit to the Prospectus published by the Company as well as the assets and liabilities that make up the "Equity Subsequently Allocated", which include a USD 6 million receivable with VLG and a financial debt of USD 23 million with Cablevisión, as decided by the Company's Board of Directors on April 28, 2017, pursuant to the powers delegated by the Extraordinary Shareholders' Meeting held on September 28, 2016.

As a result of the Spin-off of Grupo Clarín, its equity was reduced pro rata and part of the Company's Class A, Class B and Class C shares were canceled 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 continues to be subject to the public offering regime in Argentina. Cablevisión Holding has requested authorization to be admitted to the above-mentioned public offering regime in Argentina and has begun a similar process in an international market.

On August 10, 2017, the Argentine Securities Commission approved the prospectus for admission to the public offering regime filed by Cablevisión Holding and, consequently, the Company fulfilled the conditions detailed in the Resolution No. CNV 18,818.

Having obtained all of the required regulatory authorizations, on August 30, 2017, Grupo Clarín and Cablevisión Holding exchanged their shares pursuant to the exchange ratio approved by Grupo Clarín's shareholders at the time of approval of the spin-off process.

The Corporate Reorganization detailed in this note was 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"). On April 25, 2017, through Resolution No. 18,619, the CNV authorized the Reorganization Transaction, which was registered with the IGJ on April 27, 2017 under No. 7,920, Book 83 Volume - Stock Companies.

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.

NOTE 24 – 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. In February 2018, the Company became the guarantor for up to Ps. 2.5 million to secure certain financial obligations of GCGC with Banco Santander Río effective until February 2021.
- c. In February 2018, the Company became the guarantor for up to Ps. 3 million to secure certain financial obligations of CMD with Banco Santander Río effective until May 2018.

NOTE 25 - APPROVAL OF FINANCIAL STATEMENTS

Grupo Clarín's Board of Directors has approved the consolidated financial statements and authorized their issue for March 9, 2018.

Independent auditor's report

To: the Board of Directors and Shareholders of Grupo Clarín S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, Grupo Clarín S.A.'s consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Grupo Clarín S.A.'s consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Advertising revenues	
<p>We have identified a critical area in relation to the timing of revenue recognition of advertising sales because of the nature of these services, comprising different schemes of services provision and pricing, which represents a significant inherent risk of misstatement, and due to the involvement of manual activities, as part of the business process for this revenue stream.</p> <p>The accounting policies for revenue recognition are set out in Note 2.9. to the consolidated financial statements and the different revenues streams for the Group have been disclosed in Note 6.1. to the consolidated financial statements.</p>	<p>Our audit approach included both controls testing and substantive procedures as follows:</p> <ul style="list-style-type: none">✓ We evaluated the relevant IT system and the design and operating effectiveness of control over the capture and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of automated controls, including interface controls between different IT applications.✓ We evaluated the controls in place over the authorization of tariff changes, the introduction of discounts, the effective delivery of the service and the input of this information to billing systems. We tested the access controls and change management controls for the Group's billing systems.✓ We tested samples of customers' bills for accuracy for tariff and discounts.✓ We tested key reconciliations used by management to assess the completeness and accuracy of revenue.✓ We tested supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items.✓ We performed confirmations over a sample of account receivables transactions. <p>No exceptions were noted in the procedures performed which may result in significant misstatements in advertising revenue recorded in the year.</p>

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carlos Pace.

*Price Waterhouse & Co. S.R.L.
Bouchar 557, Floor 8
Buenos Aires, Argentina
March 9, 2018*

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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

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