

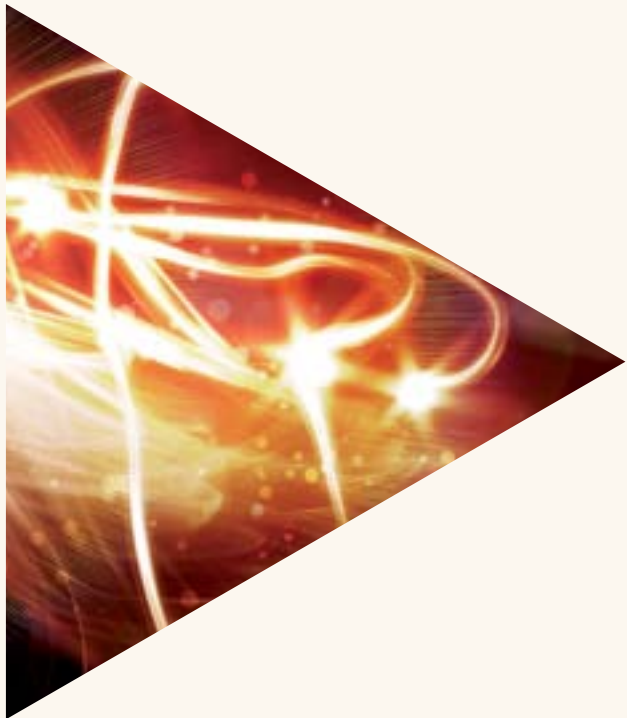


#### Disclaimer

Some of the information in this Annual Report (the "Annual Report") may contain projections or other forward-looking statements regarding future events or the future financial performance of Grupo Clarín. You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could", "may" or "might" the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. Grupo Clarín does not intend to or undertake any obligation to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in Grupo Clarín's projections or forward-looking statements, including, among others, general economic conditions, Grupo Clarín's competitive environment, risks associated with operating in Argentina, a rapid technological and market change, and other factors specifically related to Grupo Clarín and its operations.

The Annual Report and certain boxes and charts that include highlighted information for illustrative purposes throughout this publication, include financial information as of and for the fiscal years ended December 31, 2011 and 2010, which was extracted from the Consolidated and the Parent Only Financial Statements as of December 31, 2011, presented on a comparative basis, and their related notes. The Annual Report and the Highlights should be read in conjunction with such financial statements and related notes, the report of Grupo Clarín's independent accountants, Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina (a member firm of PriceWaterhouseCoopers) relating to such financial statements, and the report of Grupo Clarín's Supervisory Committee.

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## FINANCIAL HIGHLIGHTS

(In millions of Ps.)	2011	2010	YoY
<b>Net Sales</b>	<b>9,752.5</b>	7,632.0	27.8%
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>2,598.7</b>	2,351.8	10.5%
<b>Adjusted EBITDA Margin<sup>(2)</sup></b>	<b>26.6%</b>	30.8%	(13.5%)
<b>Net Income</b>	<b>522.3</b>	538.1	(2.9%)

(1) We define Adjusted EBITDA as net sales minus cost of sales (excluding depreciation and amortization) and selling and administrative expenses (excluding depreciation and amortization). We believe that Adjusted EBITDA is a meaningful measure of our performance. It is commonly used to analyze and compare media companies on the basis of operating performance, leverage and liquidity. Nonetheless, Adjusted EBITDA is not a measure of net income or cash flow from operations and should not be considered as an alternative to net income, an indication of our financial performance, an alternative to cash flow from operating activities or a measure of liquidity. Because Adjusted EBITDA is not an Argentine GAAP measure, other companies may compute Adjusted EBITDA in a different manner. Therefore, Adjusted EBITDA as reported by other companies may not be comparable to Adjusted EBITDA as we report it.

(2) We define Adjusted EBITDA Margin as Adjusted EBITDA over Net Sales.

## OPERATING RESULTS

(In millions of Ps.)	2011	2010	YoY
<b>Total Consolidated Subscribers<sup>(1)(2)</sup></b>	<b>3,490.3</b>	3,357.9	3.9%
<b>Total Internet Subscribers<sup>(2)</sup></b>	<b>1,351.1</b>	1,128.2	19.8%
<b>Circulation<sup>(3)</sup></b>	<b>331.2</b>	360.8	(8.2%)
<b>Audience Share %<sup>(4)</sup></b>			
Prime Time	42.2%	42.2%	0.2%
Total Time	33.0%	31.0%	6.4%

(1) Figures in thousands.

(2) Total subscribers consolidated following the same consolidation methods used in the financial statements as of each year end.

(3) Average number of copies according to IVC (including Diario Clarín and Olé).

(4) Share of broadcast TV audience according to IBOPE for AMBA. Prime Time is defined as Monday through Friday from 8 pm to 12 am. Total Time is defined as Monday through Sunday from 12 pm to 12 am.

## ADJUSTED EBITDA

(In millions of Ps.)	2011	2010	YoY
<b>Cable TV and Internet Access</b>	<b>2,056.6</b>	1,829.5	12.4%
<b>Printing and Publishing</b>	<b>257.1</b>	303.4	(15.3%)
<b>Broadcasting and Programming</b>	<b>285.5</b>	211.5	35.0%
<b>Digital Content and Others</b>	<b>(0.6)</b>	7.5	(107.6%)
Subtotal	<b>2,598.7</b>	2,351.8	10.5%
Eliminations	-	-	NA
<b>Total</b>	<b>2,598.7</b>	2,351.8	10.5%

## 2011 MACROECONOMIC ENVIRONMENT

In a year marked by global uncertainty, the world was undoubtedly distinguished by the dynamics emerging economies managed to sustain under a complex environment of ongoing crises of different kind that hit the developed countries (with peripheral Europe at the epicenter).

In fact, while during the year under analysis half of the world represented by the developed countries experienced, at best, anemic GDP growth in spite of the several incentives granted to them; the other half -the block of emerging countries led by China- preserved their dynamics which, on average, tripled that of the former. The world has continued to see growth at two different paces of structural trend, reflecting the operation of the new global accumulation mechanism focused on emerging economies.

In this context, the Argentine economy managed to sustain growth in its productive activity in 2011, in line with virtually all emerging countries. Such performance was driven by the vigorous terms of trade in the external arena, along with the typical expansionist bias of the economic policy in an electoral year and the favorable weather conditions for the agricultural sector on the domestic front.

However, unlike other emerging countries, this increase in productive activity was again paired with high inflation rates that prevented the country from fully capitalizing on the proceeds from such growth and from improving their distribution. In 2011, the Argentine economy experienced growth with inflation again. This fact, coupled with the currency board strategy implemented in order to moderate the inflationary impact of the strong drive generated by public policies, resulted in a new deterioration of the pillars that supported the recovery process after the 2001-2002 crisis.

In addition to this, the Argentine economy is operating under certain disturbing conditions, such as, increased primarization, a shortage of reproductive investments (noticeable mainly in the capital depletion of key strategic sectors) and the low level of foreign direct investment in relation to other countries in the region.

Therefore, in spite of its remarkable growth cycle, Argentina has yet to show any clear progress in its development. Poverty, which has remained almost unchanged since early 2007 and which, according

to private estimates, still affects 9 million Argentine people, clearly reflects the latter.

According to private sources, Argentina's real GDP is estimated to have increased by approximately 7%, slightly below the 2010's figure; whereas inflation remained at virtually the same level as the previous year (around 23%). The Argentine economy continues to register an inflation rate three percentage points higher than the growth rate, a unique phenomenon in the region, except for Venezuela.

The three pillars that supported the economic recovery after the 2001-2002 crisis deteriorated in the year under analysis. The nominal exchange rate, which operates as an inflation buffer together with the virtually frozen utility tariff rates, did depreciate with respect to the US dollar throughout the year, but at a substantially lower rate than the price increases (slightly over 8% vs. 23% mentioned above). The significant adjustment of the real exchange rate that led to this gap continued to accelerate the loss of competitiveness.

The currency depreciation, coupled with the strong dynamics of the economic activity, exacerbated the growth of imports which, at the end of 2011, were higher than exports, thus deteriorating the balance of trade surplus (which showed an 11% decrease, from usd11.6 billion to usd10.3 million in absolute values).

For the first time in more than two decades, at the end of the year, Argentina's energy industry will have showed a negative trade balance (estimated in over usd2.5 billion). For the purposes of assessing the energy self-sufficiency loss, only four years ago, this sector's balance of trade showed surplus (approximately usd2.5 billion) and accounted for more than one quarter of the total external surplus.

The lower generation of foreign currency was worsened by a capital flight from the private sector which, in the year under analysis, almost doubled the previous year's figure and stood somewhere in the neighborhood of 2008's record high (usd23.8 billion). This resulted in a decrease in the Central Bank's international reserves which, by the end of the year, stood at almost usd6 billion below the usd52.1 billion recorded in December, 2010, in spite of stronger exchange controls.

Thus, deterioration on the fiscal front was more significant than on the external front. The national public sector showed a financial deficit in the year under analysis (as a result of the debt service) which jumped to almost two and a half point of GDP. In absolute values, this deficit (estimated in over Ps.50 billion, without counting revenue distributions received from the BCRA and revenues of the ANSES derived from the ownership of government-issued securities) almost doubled that of 2010 and has become the most significant one since 2003 onwards. This deterioration, mostly funded by the issue of currency and intra-governmental indebtedness, took place in spite of record-high tax pressure (approximately 35% of GDP).

### Perspectives for the Upcoming Year

During the last weeks, the growing uncertainty over the recovery pace of the developed countries' economic activity and employment resulted in overall downward growth perspectives for 2012.

The virtual stagnation or expansion below potential experienced by these countries, in general, and peripheral Europe, in particular, became an actual threat to the world's economy, where one of the key concerns is the extent of the impact of this external shock on the current emerging catalysts.

In the light of this new international crisis, the Argentine economy has less scope for action. In fact and unlike 2008, the Argentine economy no longer has fiscal, exchange or energy buffers. Actually, unlike the last years, the local economy lacks strong dollar reserves.

In perspective, the energetic situation is seen as the main responsible for the deterioration of the external and fiscal accounts. Accordingly, the growing public expenditure to sustain tariff rates and import energy compromised public accounts so badly that it accounts for a significant portion of the last years' fiscal deterioration. The scheduled elimination of subsidies seeks to streamline a structure that was unequal and that could no longer be genuinely funded.

In addition, the macro and microeconomic consequences of the recently implemented controls on imports to preserve the trade surplus are difficult to foresee as of the date of this annual report.

The truth is that insofar as the government continues to pretend to use the exchange rate to anchor inflation by minimizing the Argentine currency nominal devaluation rate, the expansive economic policies - so far focused on boosting GDP growth and import growth indirectly - will be clearly limited in their scope.

The implementation of measures to moderate the growth pace of variables, such as, public spending, salaries and monetary aggregates, shall be understood within the framework of this growth moderating strategy adopted in the face of a certainly less favorable environment.

To make matters worse in this already complex environment, the drought caused by "La Niña" compelled to dramatically reduce agricultural projections (which stood somewhere in the neighborhood of 110 million tons and have been now cut to approximately 100 million tons) and, therefore, the sector's exports (by approximately 10% compared to 2011).

As a result of all the above mentioned, the Argentine economy's growth rate would slow down significantly in 2012. However, inflation would remain at current levels, since the increases in the utility tariff rates resulting from the overall elimination of subsidies are expected to considerably offset the lower dynamics of aggregate demand. Thus, high inflation would continue to hinder significant improvements in social indicators and in the distribution of income among the Argentine people.

The conditions described above clearly show that Argentina has less macroeconomic tools to face this new international crisis. In spite of its dynamics and low indebtedness level, the current economy systematically expels local capital and repels foreign capital. In other words, the current modus operandi of the local economy does not provide a reasonable level of confidence to the Argentine people (who prefer to invest their savings abroad, rather than domestically) as well as to foreigners (who channel a low level of their regional productive investments in our country).



## THE YEAR 2011 AND THE MEDIA SECTOR IN ARGENTINA

In 2011, the global media industry - undoubtedly, one of the most seriously hit by the 2009's financial crisis, experienced certain weakening in its business volume, as a result of the sudden slowdown of the global economic activity and, particularly, of the developed countries. As a matter of fact and due to their inherent differences, the slowdown was not homogenous at all among countries, segments and companies.

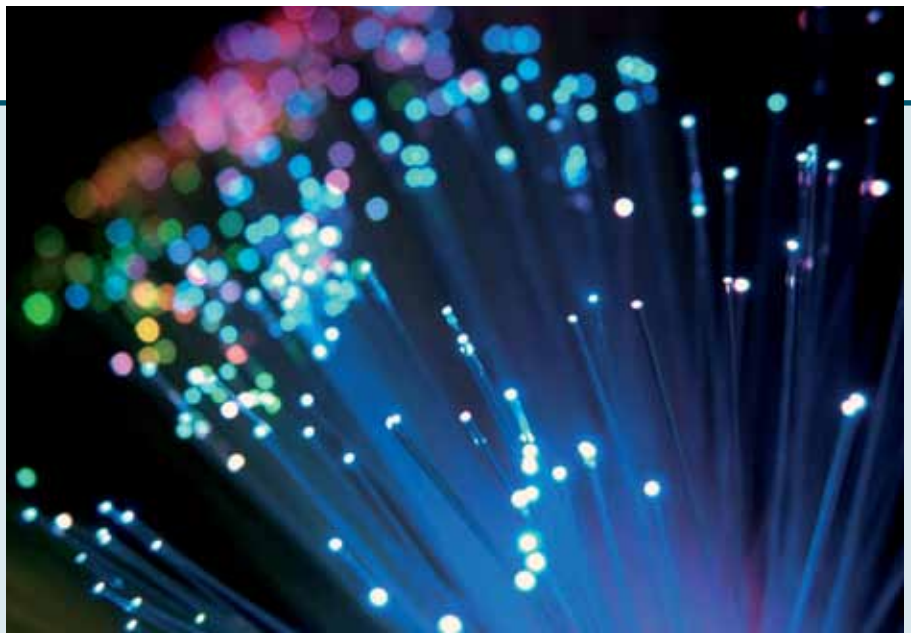
The uncertainty over the pace of recovery of consumption, productive activity and employment in the developed countries represented an additional risk focus for this industry, which was already facing several challenges arising from the ongoing emergence of new technologies and the changes in the new generations' media consumption patterns.

However, such uncertainty did not affect at all the migration of audiences, content and advertisers towards the digital ecosystem. This main trend the industry has been developing over the last years managed to preserve its carryover effect, primarily supported by the broadband revolution.

2011 was a year of genuine growth for the economy and the local media industry. In fact, according to estimates, GDP and consumption would have increased by around 7% by the end of the year, driven by the expansionist bias of the economic policy and the prevailing favorable terms of trade. However, this strong expansion of local productive activity was again accompanied by an inflationary upsurge that prevented the country from fully capitalizing on the fruits of growth and improving their distribution.

Even so, the re-emergence of aggregate demand along with certain specific events, such as the presidential elections, paved the way for a macroeconomic environment favorable to the industry. A good example of this is the good performance of the industry's main sources of financing.

In fact, advertising investment increased again this year by slightly more than 20%, mostly driven by government's advertising spending in an electoral year, oriented to finance a matrix with a greater share of publicly-owned media. Concerning consumer prices, the increase in the consolidated advertising pie of the several industry segments was virtually similar to the annual 22-23% inflation rate estimated by the public sector. This shows that even though advertising is growing,



it does so at lower pace than the economy as a whole (measured in GDP terms), which in 2001 increased by more than 30% in nominal values. Therefore, the traditional multiplier effect it used to have some years ago seems to have vanished.

Unlike most countries in the region, newspapers continued to attract the largest share of advertising in the local market, followed by broadcast TV. The paid television and Internet segments, which in 2010 recovered from the stagnated levels in 2009, expanded again in 2011 in accordance with their potential, even though Argentina's penetration rates are among the highest in the region.

Thus, during 2011 the paid television subscriber base grew at a rate of almost 5%, slightly less than the previous year, reaching approximately 7.6 million users at year-end. Leverage in the growing penetration of additional services (incorporation of high-definition signals to the grid and VOD, among others), which permitted a high level of investment in the expansion of network capacity, had a key role in such performance. It is worth noting that the government's launch of Digital Terrestrial Television did not have a significant impact on the annual net capture of this industry.

Broadband demand grew for the second consecutive year at rates of approximately 20%, becoming increasingly ubiquitous. In fact, by year-end, residential fixed broadband Internet access reached a new record high of over 5 million subscribers in a fiercely competitive environment noted for the promotional offers of its main market players. At the same time, the existence of more than 1.3 million mobile broadband subscribers and the implementation of combined voice and data subscriptions by cell phone companies evidence

the complementariness that this technology provides to the market.

In this regard, an emerging and curious phenomenon is the users' ongoing demand for higher speed, mostly as a result of the predominance of video traffic over other traffic and, to a lesser extent, as a result of the increasing number of devices connected to the Internet at home. Naturally, this increased demand for bandwidth per client compels providers to add new capabilities to their networks on an ongoing basis, thus putting the current business models under pressure.

The new media consumption patterns continue to gain ground as new technologies are adopted much faster than projected. In fact, the number of visits to websites with content development continued to increase, particularly news sites, with the newspapers in the top ranks. As a logical consequence, the increased number of readers of digital newspapers, together with the increased offering of news signals on television, helped to reinforce the downward structural trend in the volume of newspaper copies in paper format, also showing that demand for content remains strong, unlike preference for paper format newspapers.

Notwithstanding the above, it is worth noting the current exponential growth of and massive access to social networks, not only as sources of entertainment, but also as sources of multimedia content and recommended information.



## Regulatory framework and conditions for the journalistic and media activity during 2011

In addition to the aforementioned and to the comments under Note 15 to the Parent Company Only Financial Statements, during 2011 private media in general and Grupo Clarín in particular continued to face an escalating level of harassment. Such harassment was executed through the official and para-official apparatus, with the clear intention of damaging the media's reputation and directly and indirectly limiting its journalistic activities.

In the framework of this escalation, the government reinforced certain actions that threaten and distort the full effectiveness of freedom of speech and information, such as the exponential increase and discriminatory distribution of official advertising used to create and sustain like-minded media; the discretionary use of public funds and media to generate content and programs related to political propaganda; and the several obstacles and discriminatory conduct in the access to public information.

This discrediting and defamatory strategy was painfully reflected in street banner and graffiti campaigns, banners, balloons, packaging and clothing, in persecution, espionage and phone-tapping actions against media, editors and journalists, and went so far as to include the financing of soccer hooligans arranging banners against the media and members of the judicial branch to be displayed in soccer stadiums and the advertising to be broadcast during the games.

Other tools to exert editorial pressure consisted of abuse of bureaucratic controls or controls by public agencies which took the form of administrative persecutions, groundless arbitrary resolutions, disproportionate tax controls and recurring audits. In this scenario, the government did not hesitate to exert pressure on entities such as the National Antitrust Commission, AFSCA, the Argentine Securities Commission and the Financial Information Unit.

In the audiovisual sector, this offensive against the media (against both, its editorial freedom and its economic sustainability, which guarantees its independence) had as its utmost expression the enactment of the controversial Audiovisual Communication Services Law and its increasingly challenged implementing regulations which clearly exceed the regulatory framework, since they grant powers to the regulatory agency which are not provided for by the law. Some examples of this are: i) the power to intervene in the affairs of the audiovisual broadcasting services on a

discretionary basis: whether by revoking licenses or through simple summary proceedings, and ii) by ruling the organization and mandatory content of the programming grid of subscription cable TV services, whereby Cablevisión was imposed over 500 penalties throughout 2011 which are now suspended by a court decision.

The law that gave rise to this unconstitutional implementing regulation continues to be challenged by the judiciary, condemned for infringing constitutional rights, granting broad and discretionary powers over media and content to the Executive Branch, favoring official voices and affecting the sustainability of private media, promoting the elimination of independent signals and establishing dangerous indirect censorship criteria through the arbitrary granting of licenses and the application of penalties, among other controversial aspects.

Since its enactment in October 2009, several court decisions upheld preliminary injunctions which are currently effective, providing for the suspension of the main sections of the broadcasting law; including, but not limited to, section 161 which refers to the conforming regime that sets forth the mandatory divestiture in the term of one year. In spite of the existence and full effectiveness of said court decisions against the law, the government sought to move forward with the implementation thereof in an authoritarian and overwhelming manner. This ratifies all the warnings about the potential danger of editorial control by an enforcement authority that is not independent.

On the other hand, and concerning SECOM's administrative resolution issued in 2010 whereby Fibertel's license was revoked, there are two effective preliminary injunctions that suspend the application of the resolution and challenge its legality.

At the same time, in 2011, the offensive against independent media and free journalism continued to take very diverse forms, including the measures adopted by trade unions related to the government, which repeatedly tried to prevent newspaper and magazine distribution by blockading printing facilities. Several official agencies also sought to control paper, the basic input for newspaper production.

The government's attempt to gain control of the paper industry has intensified, through several administrative and legislative measures that

systematically sought to hinder the management of Papel Prensa (Papel Prensa supplies approximately 95% of the Argentine newspapers and the Company indirectly holds a 49% equity interest in that company). The government has tried to interfere with Papel Prensa's business practices and bring legal and administrative actions against it in a threatening and violent environment.

For example, the government filed several motions with the CNV to have Papel Prensa's resolutions declared void for administrative purposes. The CNV also brought several summary proceedings against the Company, its directors and members of the supervisory committee.

On the legislative front, the Congress enacted Law 26,736 which declared a matter of public interest the production and sale of newsprint, violating several constitutional rights and guarantees. The bill was drafted by the National Government with the clear intent of controlling the production and import of this key input for the press, as pointed out and stated by national and regional journalistic associations, opposition leaders and several business sectors. Among other things, the Law created a registry where all newsprint producers, sellers and buyers shall be registered and set limits and established conditions applicable to Papel Prensa for the production and sale of newsprint. This law 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 newsprint demand -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 Government to finance these investments, contravening public order regulations contained in the Argentine Business Associations Law (Law 19,550), in order to dilute the equity interest of Papel Prensa's private shareholders.

These and other deplorable actions that are not in line with the expected attitude of a democratic government towards the press were part of the challenging scenario in which private and independent media operated in 2011.



## THE COMPANY. ORIGIN, EVOLUTION AND PROFILE

Grupo Clarín is the most prominent and diversified media group in Argentina 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 printed media, radio, broadcast and cable television, audiovisual production, the printing industry and Internet access. Its leadership in the different media is a competitive advantage that enables Grupo Clarín to generate significant synergies and expand into new

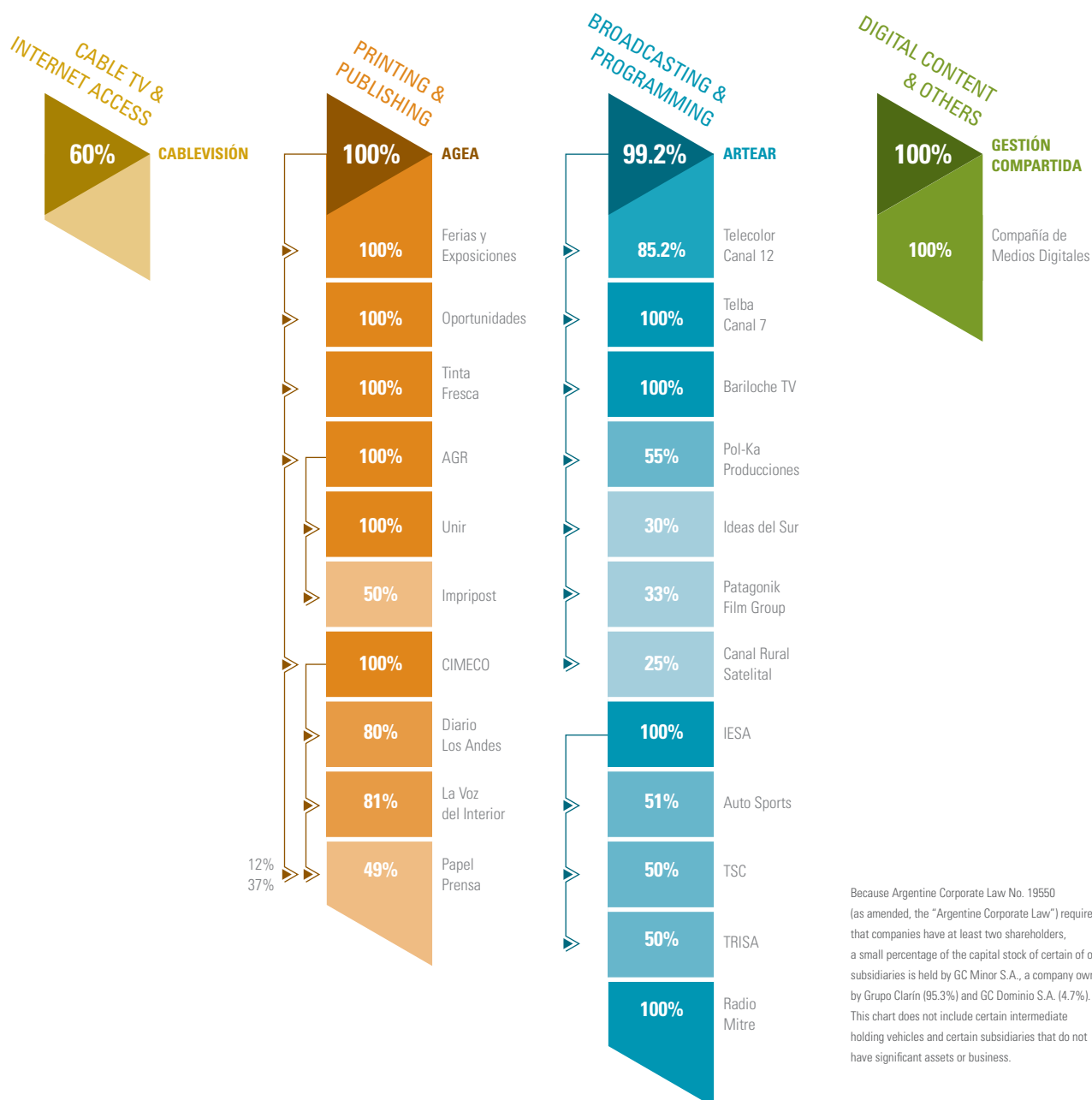
markets. Substantially all of Grupo Clarín's assets, operations and clients are located in Argentina, where it generates most of its revenues. The Company also carries out operations at a regional level.

Grupo Clarín and its subsidiaries have 17,200 employees and, by the end of 2011, reached annual consolidated revenues of Ps.9,753 million.

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 has been 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.

THE CHART BELOW ILLUSTRATES COMPANIES IN WHICH GRUPO CLARÍN PARTICIPATES, DIRECTLY OR INDIRECTLY, ORGANIZED BY BUSINESS SEGMENT



Because Argentine Corporate Law No. 19550 (as amended, the "Argentine Corporate Law") requires that companies have at least two shareholders, a small percentage of the capital stock of certain of our subsidiaries is held by GC Minor S.A., a company owned by Grupo Clarín (95.3%) and GC Dominio S.A. (4.7%). This chart does not include certain intermediate holding vehicles and certain subsidiaries that do not have significant assets or business.

Grupo Clarín has been one of the main actors in the changes undergone by the media worldwide. It has 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/Canal 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 world. For example, in Buenos Aires alone, the Company's media compete in a market that has 5 broadcast television stations, 550 radios, and 12 national newspapers.

Grupo Clarín also publishes Olé, the first and only sports daily in Argentina; the free newspaper La Razón and the magazines Ñ, Genios, Jardín de Genios, Pymes and Elle, among other publications. Through CIMECO, the Company holds equity interests in the newspapers La Voz del Interior, Día a Día and Los Andes, in a market of approximately 200 regional and local newspapers. The Company also holds an equity interest in a national news

agency (DyN). In the audiovisual arena, the Company also produces one of the 5 cable news signals (Todo Noticias), and the cable television networks Volver and Magazine, among others, sports channels and events (TyC Sports), television series and motion pictures (through Pol-ka, Ideas del Sur and Patagonik).

Another strength lies in its strategic stake in the content distribution sector, through cable television and Internet access. Since the beginning of Multicanal's operations in 1992 and after the recent acquisition of a majority interest in Cablevisión, Grupo Clarín has created one of the largest cable television systems in Latin America in terms of subscribers. In Argentina, Cablevisión is the first among 700 operators and always competes with other cable or satellite options. Also, through Fibertel, it provides high-speed Internet services and has one of the largest subscriber bases in a highly competitive market. 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.

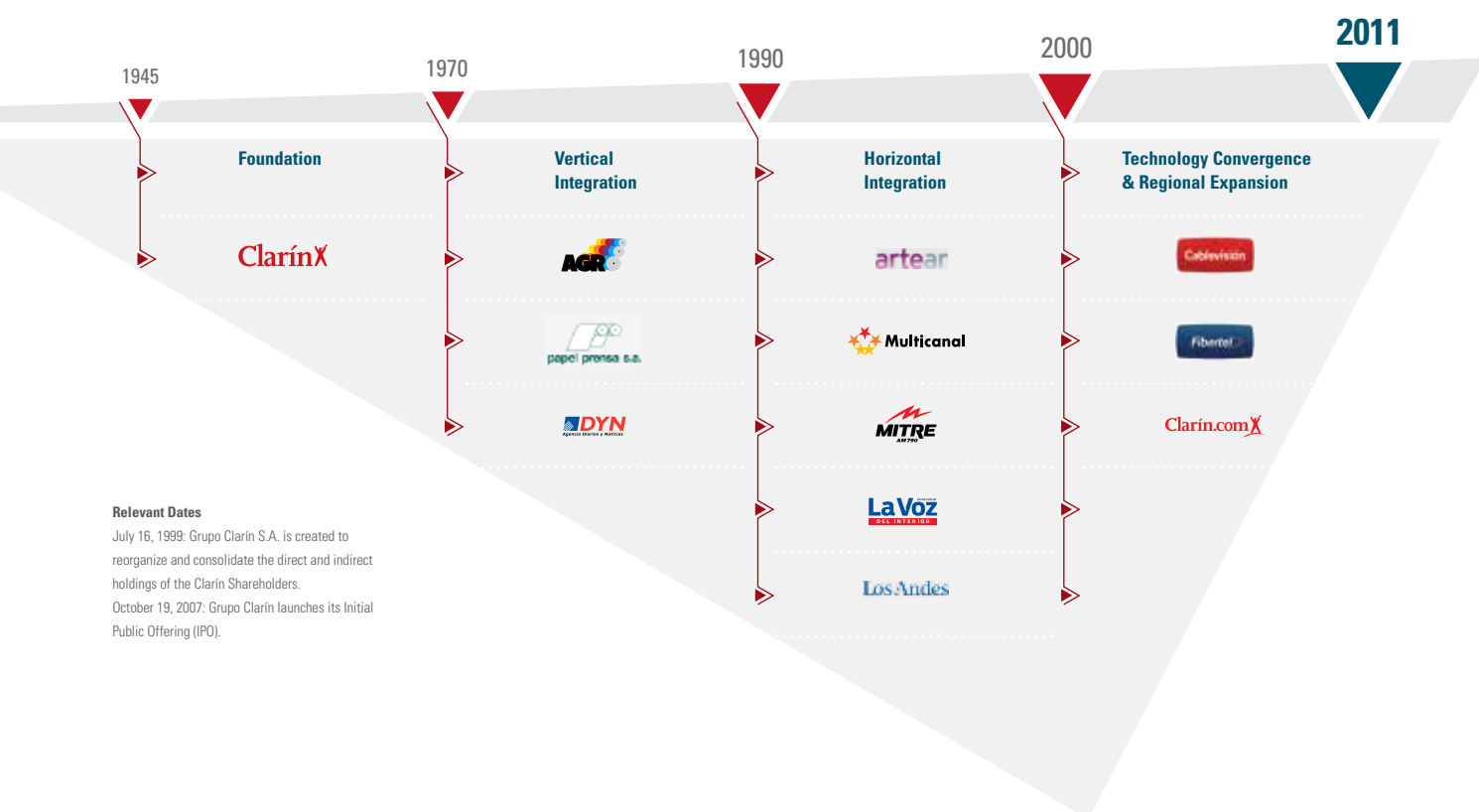
In 1999 Grupo Clarín was incorporated as an Argentine sociedad anónima, a corporation with limited liability. It gradually opened its capital to other participants and, since October 2007, it is

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 focused on: journalism and the mass media. 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 relation to its mission and values, 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 citizen participation. Furthermore, as an indication of its social responsibility throughout its history, Grupo Clarín focuses on the ongoing improvement of its processes and develops initiatives that arise from discussions with different stakeholders.

**WE ANTICIPATED MARKET TRENDS AND ADAPTED OUR BUSINESS MODEL, TO BECOME THE LARGEST MEDIA GROUP IN ARGENTINA**



**Relevant Dates**  
 July 16, 1999: Grupo Clarín S.A. is created to reorganize and consolidate the direct and indirect holdings of the Clarín Shareholders.  
 October 19, 2007: Grupo Clarín launches its Initial Public Offering (IPO).

## GRUPO CLARÍN AND ITS BUSINESS SEGMENTS IN 2011

In terms of results, Grupo Clarín and its business segments grew again in 2011 in a highly challenging context. During this year the Company consolidated the positive economic and financial performance trends of the previous years.

Net consolidated sales increased by 27.8% to Ps.9,753 million. The growth in cable modem Internet access subscribers played a key role in the

performance of subscription revenues. Sales of the remainder of the Company's products and services also increased.

### SALES BREAKDOWN BY SOURCE OF REVENUE - DECEMBER 2011 vs. DECEMBER 2010

(In millions of Ps.)	CABLE TV & INTERNET ACCESS		PRINTING & PUBLISHING		BROADCASTING & PROGRAMMING		DIGITAL CONTENT & OTHERS		ELIMINATIONS		TOTAL		%	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Advertising	77.6	54.7	1,184.3	1,006.7	978.8	702.2	21.6	43.6	(129.5)	(110.7)	2,132.8	1,696.5	21.9%	22.2%
Circulation	-	-	650.5	540.5	-	-	-	-	-	-	650.5	540.5	6.7%	7.1%
Printing	-	-	249.7	183.2	-	-	-	-	(35.9)	(32.6)	213.8	150.6	2.2%	2.0%
Video	4,478.9	3,618.6	-	-	-	-	-	-	-	-	4,478.9	3,618.6	45.9%	47.4%
Subscriptions														
Internet	1,364.4	1,039.7	-	-	-	-	-	-	(3.2)	(0.6)	1,361.2	1,039.1	14.0%	13.6%
Subscriptions														
Programming	-	-	-	-	355.0	331.9	-	-	(128.0)	(112.7)	227.0	219.2	2.3%	2.9%
Other Sales	416.0	172.1	74.2	73.7	129.9	90.6	261.4	197.3	(193.1)	(166.1)	688.5	367.6	7.1%	4.8%
<b>Total Sales</b>	<b>6,336.9</b>	<b>4,885.1</b>	<b>2,158.7</b>	<b>1,804.0</b>	<b>1,463.7</b>	<b>1,124.7</b>	<b>283.0</b>	<b>240.9</b>	<b>(489.8)</b>	<b>(422.7)</b>	<b>9,752.5</b>	<b>7,632.0</b>	<b>100.0%</b>	<b>100.0%</b>

*Cost of sales (Excluding Depreciation and Amortization)* reached Ps.4,872.5 million, an increase of 35.5% from the figure reported for 2010 due to higher costs in our business segments, mainly in Cable TV and Internet Access and in Printing and Publishing, and also in the Broadcasting and Programming segment.

*Selling and Administrative Expenses (Excluding Depreciation and Amortization)* reached Ps.2,281.4 million, an increase of 35.5% from Ps.1,683.1 million in 2010. This increase was mainly due to higher costs in the Cable TV and Internet Access, Printing and Publishing and Broadcasting and Programming segments.

*Adjusted EBITDA* reached Ps.2,598.7 million, an increase of 10.5% from 2010, driven by higher sales in the Cable TV and Internet Access and Broadcasting and Programming segments, and mainly due to margin expansion in the Broadcasting and Programming segment; although it was partially offset by a lower EBITDA in the Printing and Publishing and Digital Content and Others segments.

*Financial results net* totaled Ps.(592.8) million compared to Ps.(420.3) million for 2010. The increase was mainly due to higher interest expenses and peso depreciation during 2011, which went from Ps 3.98 per dollar at the end of 2010, to Ps 4.30 per dollar as of December 31, 2011; and was partially offset by an accounting gain accrued as a result of Cablevision refinancing debt.

*Equity in earnings from unconsolidated affiliates* in 2011 totaled Ps.16.7 million, compared to Ps.4.1 million for 2010.

*Other income (expense), net* reached Ps.7.7 million, compared to Ps.(7.5) million in 2010.

Income tax as of December 2011 reached Ps.(454.2) million, from Ps.(493.4) million in December 2010.

*Net income totaled* Ps.522.3 million, a decrease of 2.9% from Ps.538.1 million reported for 2010. This was mainly a consequence of a higher peso depreciation and lower EBITDA in the Printing and Publishing segment.

*Cash used in acquisitions of property, plant and equipment (CAPEX)* totaled Ps.1,511.2 million in 2011, an increase of 56.1% from Ps.967.9 million reported for 2010. Out of the total CAPEX in 2011, 92.02% was allocated to the Cable TV and Internet Access segment, 5.25% to the Broadcasting and Programming segment and the remaining 2.73% to other activities. CAPEX in the Cable TV and Internet Access segment pertains to subscriber growth, network upgrades, digitalization and further development of the triple play strategy.

By the end of 2011, Grupo Clarín's gross consolidated financial debt (including sellers financing, accrued interest and fair value adjustments) was approximately Ps.3,217.8 million, while net consolidated debt was approximately Ps.2,306.4 million, representing an increase of 34.1% and 31.2%, respectively. Debt coverage ratio for the period ended December 31, 2011 was 1.26x and the Net Debt at the end of this period totaled Ps.2,361.1 million.

(1) Debt Coverage Ratio is defined as Total Financial Debt minus Cash and Equivalents divided by Adjusted EBITDA (last 12 months). Total Financial debt is defined as financial loans and debt for acquisitions, including accrued interest. The figure does not include cash in reserve accounts in Cablevisión S.A.

## ADJUSTED EBITDA

(In millions of Ps.)	2011	2010	YoY
<b>Cable TV and Internet Access</b>	<b>2,056.6</b>	1,829.5	12.4%
<b>Printing and Publishing</b>	<b>257.1</b>	303.4	(15.3%)
<b>Broadcasting and Programming</b>	<b>285.5</b>	211.5	35.0%
<b>Digital Content and Others</b>	<b>(0.6)</b>	7.5	(107.6%)
Subtotal	<b>2,598.7</b>	2,351.8	10.5%
Eliminations	-	-	NA
<b>Total</b>	<b>2,598.7</b>	2,351.8	10.5%

## DEBT AND LIQUIDITY

(In millions of Ps.)	FY11	FY10	% Change
Short Term and Long Term Debt			
<b>Current Financial Debt</b>	<b>451.0</b>	264.7	70.4%
Financial loans	<b>118.2</b>	42.8	176.4%
Negotiable obligations	<b>129.0</b>	133.9	(3.7%)
Accrued interest	<b>86.9</b>	33.2	161.4%
Acquisition of equipment	<b>42.6</b>	36.0	18.4%
Sellers Financing Capital	<b>9.0</b>	3.8	137.2%
Related Parties Capital	<b>13.2</b>	5.0	163.0%
Related Parties accrued interest	<b>0.1</b>	0.1	22.3%
Bank overdraft	<b>52.1</b>	10.0	422.0%
<b>Non-Current Financial Debt</b>	<b>2,821.4</b>	2,126.5	32.7%
Financial loans	<b>136.9</b>	120.1	14.0%
Negotiable obligations	<b>2,584.0</b>	1,964.8	31.5%
Accrued interest	<b>1.9</b>	1.0	85.0%
Acquisition of equipment	<b>95.0</b>	36.9	157.7%
Sellers Financing Capital	<b>0.8</b>	1.1	(27.5%)
Related Parties Capital	<b>2.1</b>	2.1	NA
Related Parties accrued interest	<b>0.7</b>	0.4	74.4%
<b>Total Financial Debt<sup>(A)</sup></b>	<b>3,272.5</b>	2,391.3	36.9%
Measurement at fair Value	<b>(54.7)</b>	7.8	(798.6%)
<b>Total Short Term and Long Term Debt</b>	<b>3,217.8</b>	2,399.1	34.1%
Cash and Cash Equivalents <sup>(B)*</sup>	<b>911.4</b>	640.7	42.2%
Net Debt <sup>(A)-(B)</sup>	<b>2,361.1</b>	1,750.6	34.9%
Net Debt/Adjusted EBITDA (Last 12 Months)	<b>0.91x</b>	0.74x	22.1%
% USD Debt	<b>94.5%</b>	94.9%	(0.4%)
% Ar. Ps. Debt	<b>5.5%</b>	5.1%	6.7%

\* Does not include Reserve Accounts.

CABLE TELEVISION & INTERNET ACCESS



Grupo Clarín operates, through Cablevisión, one of the main regional integrated cable television and broadband systems. This segment's revenues mainly derive from monthly subscriptions to basic cable television service and high-speed Internet access. To a lesser extent, its revenues also derive from connection and advertising charges, sales of premium and pay-per-view programming, digital package, DVR, and high definition signal package (HD) and sales of the magazine "Miradas".

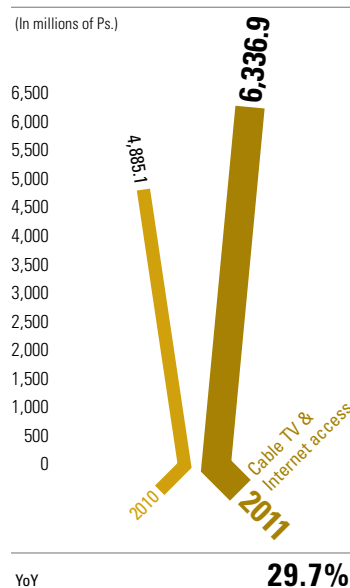
Out of Grupo Clarín's total sales in 2011, the Cable television and Internet access segment was the Company's main revenue driver, with sales of Ps.6,336.9 million, taking into consideration intersegment sales.

Regarding the geographic availability of Grupo Clarín's services, by the end of 2011, its network reached approximately 7.3 million Argentine households. Grupo Clarín provides services in the City of Buenos Aires and suburban areas, as well as in the provinces of Buenos Aires, Santa Fe, Entre Ríos, Córdoba, Corrientes, Formosa, Misiones, Salta, Chaco, La Pampa, Neuquén and Río Negro. Regionally, Grupo Clarín also operates in Uruguay and Paraguay.



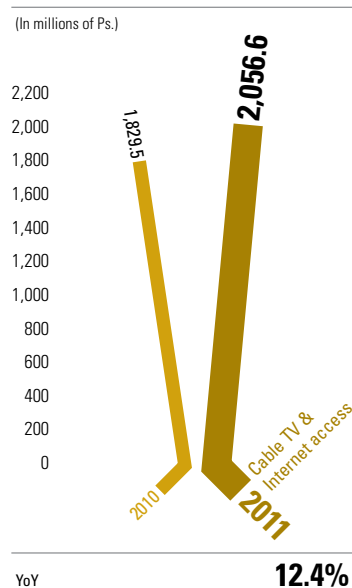
**NET SALES**

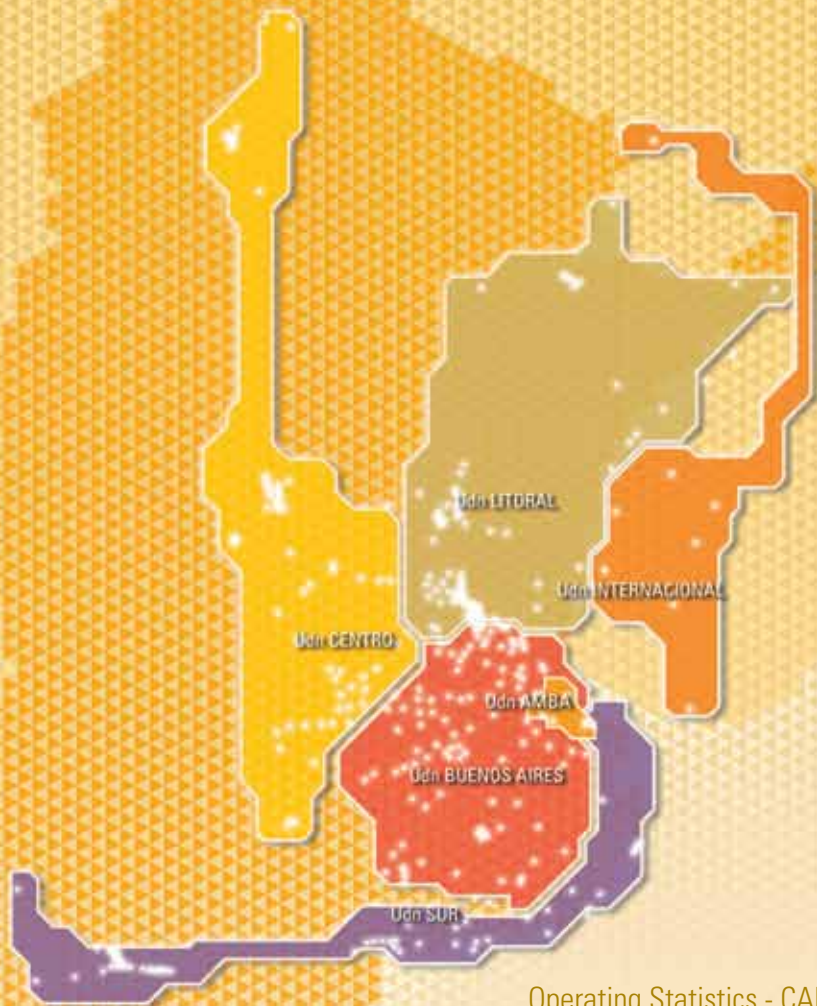
(In millions of Ps.)



**ADJUSTED EBITDA**

(In millions of Ps.)





## Operating Statistics - CABLE TV & INTERNET ACCESS

	2011	2010	YoY
<b>Homes Passed<sup>(1)</sup></b>	7,586.5	7,488.9	1.3%
<b>Bidirectional Homes Passed</b>	63.2%	59.9%	5.6%
<b>Cable TV</b>			
<b>Total Consolidated Subscribers<sup>(1)(3)</sup></b>	3,490.3	3,357.9	3.9%
Subscribers - Argentina	3,264.4	3,149.3	3.7%
Subscribers - International	225.9	208.5	8.3%
Uruguay	110.0	102.8	7.0%
Paraguay	115.9	105.8	9.6%
% over Homes Passed	46.0%	44.8%	2.6%
<b>Total Equity Subscribers<sup>(4)</sup></b>	3,566.6	3,433.6	3.9%
Churn Rate %	15.1%	14.3%	5.6%
<b>Digital Video</b>			
Digital Ready Pay TV Subs	2,656.0	2,225.4	19.3%
Total Digital Decoders	1,082.5	699.1	54.9%
Argentina	875.0	584.4	49.7%
International	207.6	114.7	81.0%
Penetration over Digital Ready TV Subs	40.8%	31.4%	29.7%
<b>Internet Subscribers</b>			
<b>Total Internet Subscribers<sup>(1)</sup></b>	1,351.1	1,128.2	19.8%
Cablemodem <sup>(1)</sup>	1,331.3	1,102.4	20.8%
ADSL <sup>(1)</sup>	12.1	16.5	(26.4%)
Dial Up <sup>(1)</sup>	7.6	9.3	(17.8%)
% over Bidirectional Homes Passed	28.2%	25.2%	12.0%
<b>Total ARPU<sup>(2)</sup></b>	154.1	123.6	24.7%

(1) Figures in thousands.

(2) Net Sales/ Average Pay TV Subscribers.

(3) Total subscribers consolidated following the same consolidation methods used in the financial statements as of each year end.

(4) Total subscribers considering the equity share in each subsidiary.



In terms of subscribers, by the end of the year, the Company's cable television systems had approximately 3,490,300 subscribers in Argentina, Paraguay and Uruguay, and 1,351,107 Internet service subscribers in Argentina and abroad.

Cablevisión's network's backbone consists entirely of fiber optic cable. The bi-directional service network's architecture and the new networks rely on a fiber to service area ("FSA") design, which

combines cable network fiber trunks with coaxial cable extensions and permits bi-directional transmission.

By the end of 2011, most of the total homes in Cablevisión's network were passed by its 750 Mhz bi-directional broadband. Cablevisión's 750 MHz networks enable it to offer services and products that generate additional revenues, such as access to Internet, digital services and premium channels.

## ▼ Programming, Cable Television and Internet Services

Cablevisión offers subscribers a basic service plan which includes the main programming signals, depending on the capacity of the local network. It offers basic and premium programming from more than 25 providers and broadcast television stations of the City of Buenos Aires. Most of the programming contracts include pricing terms denominated in Argentine Pesos generally linked to the number of subscribers.

By paying an additional fee and renting a digital set-top box, Cablevisión subscribers receive premium packages and pay-per-view programming that include additional movie channels and adult programming, among other products.

Cablevisión is also offering digital services to its subscribers that include a basic digital package, as well as Premium and High Definition (HD) services. Such products are offered in the City of Buenos Aires and its surrounding areas (the "AMBA Region"), in the province of Buenos Aires, Córdoba, Rosario, Mar del Plata, Santa Fe and other cities in the provinces.

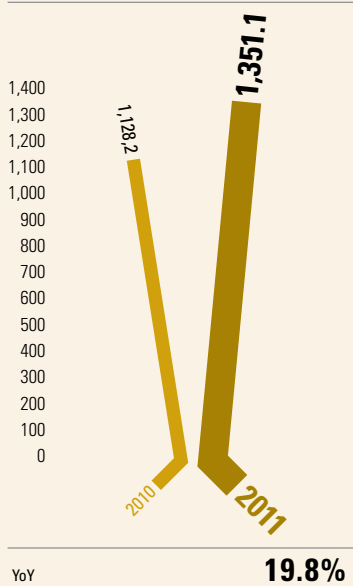
Cablevisión has recently launched a high definition signal package (HD) as well as Cablevisión Max HD, state-of-the-art digital set-top units with digital video recorder (DVR). By the end of 2011, Cablevisión had 24 HD signals comprising different genres in order to enhance this product's offering. In order to increase its brand equity, move forward with innovation and content production to meet client's demands and continue with the development of the digital products launched during 2007, Cablevisión is developing a VOD (Video On Demand) product that allows subscribers to access several content from their TV on demand that features video functions (pause, fast-forward, rewind).

As of December 31, 2011, there were approximately 1,982,400 digital set-top units for Premium service in all of Cablevisión's operational regions (including Uruguay and Paraguay), resulting in a penetration rate of approximately 31% of all subscribers to its basic cable service provided through its digital network. Cablevisión also offers Cablevisión Flex, an optional social service of digital paid television with a reduced subscription, to approximately 500,000 inhabitants of low income neighborhoods.





**Total Internet Subscribers<sup>(1)</sup>**



(1) Figures in thousands.

Fibertel is undoubtedly the broadband service that offers the highest speed in the market widely and at competitive prices. One of the main differentiating features of Fibertel's connectivity service lies in the great broadband potential of its services compared to the more limited ADSL connectivity service offered by its main competitors. In September 2011, it launched the 30-mega downstream and 3 mega upstream speed product, Fibertel Evolution, becoming the first Internet provider in the country in selling a product of the new Wideband generation: a new

technology that allows clients to surf the web at substantially higher speeds.

As of December 31, 2011, Cablevisión had 1,327,000 subscribers to cable modem Internet access in Argentina and abroad through its own networks, 7,700 subscribers to the dial-up system and 16,400 subscribers to other broadband technologies. Even though Cablevisión has these 3 technologies, its main focus and differentiating feature is cable modem, in which market it has a leading position under the brand Fibertel, being a clear benchmark in its category.

## Commercialization and Customer Service

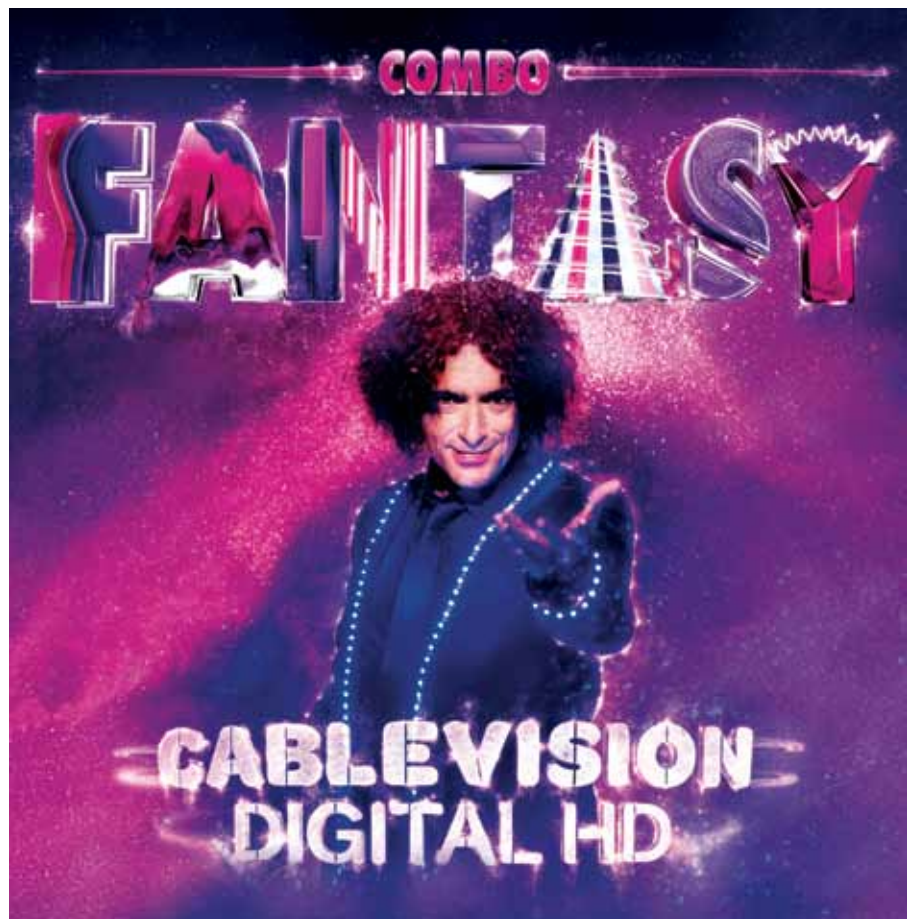
Cablevisión uses several market positioning mechanisms, including promotions, customer service centre locations, newsletters about the company, institutional information and programming through its websites. It advertises in the printing media and over its own broadcasting signals. Cablevisión also publishes a free monthly guide distributed to most of its cable television service subscribers and a monthly magazine called "Miradas", which is sold to a portion of its subscriber base.

Customer service is provided through an integrated service center offering round-the-clock support, with the aim of optimizing the customer relationship. In this regard, it launched Sucursal Virtual, a website that enables its subscribers to interact with the company to follow procedures that were previously carried out through a telephone call or even in person. During 2011, it launched the mobile version allowing access from several web-enabled devices which do not require a PC. This new tool is available in the AMBA region and will become available in new locations in 2012.

Subscriber base turnover rate for the year ended December 31, 2011 was 15.1%, compared to 14.3% recorded in the previous year. During the year ended December 31, 2011, Cablevisión added 132,400 subscribers to its base compared to 164,900 added in 2010.

## Competition

Cablevisión competes in the cable television segment against other cable television operators and providers of other television services, including direct, satellite and broadcast services. Given the fact that licenses are granted on a non-exclusive basis, Cablevisión's systems have been frequently subject to overlapping of one or multiple competing cable networks; in addition to the satellite service which is available throughout its extent. Free broadcasting services are currently available to Argentina; in the AMBA region, these services primarily include four private television signals (one of them is controlled by Grupo Clarín) and its local subsidiaries and a national state-owned television signal. Additionally, under a project



aimed at implementing the Argentine Terrestrial Digital TV System, the National Government handed out digital set-top units among certain sectors of society that allow free access to certain signals.

The Argentine cable television industry has more than 700 operators. The most significant competitors are Telecentro S.A. located in the AMBA region and DIRECTV (DTH technology). Both companies compete against Cablevisión nationwide.

Cablevisión can effectively compete against other providers of cable television services on the basis of a competitive price, a higher number of quality programs and the customer service it renders through its call-center. It also seeks to capture and retain subscribers through customer-service oriented policies.

Two major competitors (Arnet and Speedy) are identified in the high-speed Internet access segment; each of them related to one of the country's two fixed telephony providers. These companies also render 3G services through their brands Personal and Movistar, respectively. Claro,

which had already been selling 3G technology, started to offer high-speed Internet services through fiber optics. Therefore, the Internet access segment faces fierce competition comprised by several providers in an ever-growing market.

## Strategy

The long-term business strategy for the cable television and Internet access segment involves an expansion of the cable television and Internet broadband connectivity subscriber base, focusing on maintaining the highest speed in the market and stressing customer service and the brand. This strategy also involves improvements in technology, and broader investments intended to streamline a flexible network architecture serving as a platform for developing additional video Internet and voice services to realize the potential provided by technology convergence.

PRINTING & PUBLISHING

2 



Grupo Clarín, through Arte Gráfico Editorial Argentino S.A. ("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 2011, the printing and publishing segment accounted for Ps.2,159 million, taking into consideration intersegment sales. This segment derives revenues primarily from the sale of advertising, copies of newspapers and magazines and optional products.

### Arte Gráfico Editorial Argentino

AGEA publishes Clarín, the flagship Argentine newspaper and one of the most important in terms of circulation in the Spanish-speaking world, Olé, founded in 1996, the first and only sports newspaper of its kind in the Argentine market, the free newspaper La Razón and the newspaper MUJ launched in 2011. It also publishes the magazines Genios and Jardín de Genios with a high penetration rate in the schoolchildren's segment; the magazine Elle; Ñ, a cultural magazine that reflects all cultural news and trends; Revista Pymes, aimed at small and medium-sized entrepreneurs; and Diario de Arquitectura, aimed at the construction sector, architects and designers.

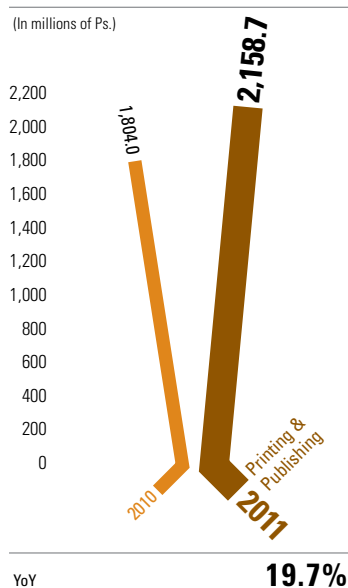
Through Artes Gráficas Rioplatense S.A. ("AGR"), Grupo Clarín is also engaged in color printing, publishing and distribution activities. AGR prints Viva, Clarín's Sunday magazine, and carries out other production activities for AGEA and for third parties, including installment books, telephone directories and flyers.

AGEA leads the online classified advertising market through its vertical sites: Autos, Inmuebles, Empleos, and has a leading position in the Internet content market through its websites Clarin.com, Olé.com.ar, revistaenie.clarin.com, and ieco.com, among others. Through its subsidiary and controlled company, Tinta Fresca Ediciones S.A., the Company is engaged in the textbook editorial market.



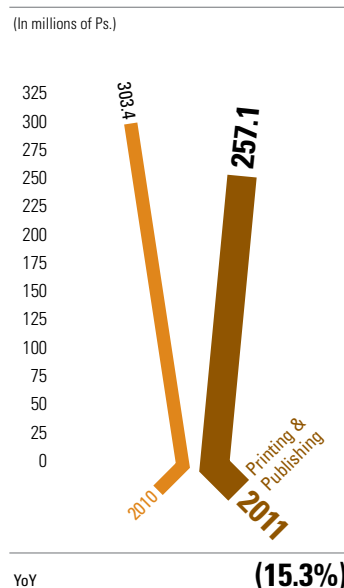
#### NET SALES

(In millions of Ps.)



#### ADJUSTED EBITDA

(In millions of Ps.)



## ▼ Diario Clarín

With a long-standing journalistic and commercial leadership consolidated in its 65-year track-record, Clarín is the most prominent Argentine newspaper in terms of outreach, influence, circulation and advertising.

The success of its prestigious editorial line lies in its identification with the needs and emotions of its audience through a plural and independent journalistic style that enables the most diverse opinions. Clarín's approach to reality is in tune with its audience, supporting this bond with the responsibility and credibility that characterizes its journalists. Its extensive and thorough investigations, approaches and analyses are conveyed in clear and direct language, providing its readers with easy access to the different sections and issues.

During 2011, its daily circulation reached almost 288,000 copies, a volume 1.7 times higher than its closest competitor. On Sundays, over 595,000 copies are sold, which places it among the major Sunday newspapers of the world. According to the Newspaper and Magazine Circulation Verification Institute ("IVC"), in 2011, Clarín had a 40% share of the newspaper market in the City of Buenos Aires and the province of Buenos Aires and an 11% share in the provinces. On a national level, it had a 25% market share.

Given its broad circulation and reach to all social classes, Dario Clarín leads the print media market. It is ranked first in terms of advertising revenues, sold advertising space and also leads in all advertising categories (display, special section and classified ads). In 2011 Diario Clarín's advertising sales reached Ps.858 million, a 10% increase compared to the previous year.

From an editorial perspective, Clarín reaffirmed its long-standing journalistic leadership. Its in-depth coverage of this year's most outstanding news revealed once again the production quality of its reports and the depth of its approaches and insights. The work of the paper's investigation team, the constant proposal of new editorial



## Operating Statistics - PRINTING AND PUBLISHING

	2011	2010	YoY
<b>Circulation</b> <sup>(1)</sup>	<b>331.2</b>	360.8	(8.2%)
<b>Circulation share %</b> <sup>(2)</sup>	<b>40.0%</b>	43.5%	(8.2%)
<b>Advertising share %</b> <sup>(2)</sup>	<b>54.0%</b>	54.7%	(1.2%)

(1) Average number of copies according to IVC (including Diario Clarín and Olé).

(2) Share in Buenos Aires and Greater Buenos Aires Area (AMBA) Diario Clarín. Source: AGEA and IVC.

(3) Share in Buenos Aires and Greater Buenos Aires Area (AMBA) Diario Clarín. Source: Monitor de Medios Publicitarios S.A.

products and the launch of new publications continue to reflect the work of the greatest team of journalists in Argentina.

Also this year, Grupo Clarín's journalists and media once again received prestigious awards and acknowledgments. In 2011, Clarín.com received again the Rey de España award, the most important recognition to the Spanish-speaking press. In the category "best approach over the Internet", in the same way as in 2010 Clarín.com won the Rey de España award for "Ruta 66", a multimedia special production by María Arce and Paula Lugones, this year the price was awarded to an interactive infographic on the historical trial referred to as Juicio a las Juntas (the legal action brought against the first three military junta). A team led by Pablo Loscri, from Clarín's Arts and Infographics Department, did an amazing job in reconstructing each and every instance of the historical trial against the military junta in a multimedia special site at Clarín.com.

In 2011, Diario Clarín offered outstanding promotions that increased interaction with readers, among them, the sixth edition of the game "El Gran DT". With over 8 million unique users, more than 40 million visits, almost 500 million page views, an average time on site of 10:21 minutes and visits from over 140 countries, www.grandt.com.ar continues to be a massive and one of the most important pieces

of entertainment in Argentina. Among the year's milestones, in April 2011, the economic supplement iEco launched the second optional "Series Pocket Mentor", a collectible product, jointly with the Harvard Business Review. Diario de Arquitectura continued to launch high-quality collectible products, such as, "Nueva Arquitectura Argentina" and "Maquetas de Arquitectura". During the year, Clarín announced the latest winners of the ARQ award which recognizes the best Argentine architectural work of the last five years on a regional basis. The contest awards the best architectural projects in each region and will have a final winner nationwide.

The Company continued to offer 10 regional supplements which are published every Thursday at an additional per copy price of Ps.0.50, with almost full coverage in the Province of Buenos Aires. The Company also published two regional supplements on a monthly basis (Pilar and Moreno-Luján-Gral. Rodríguez) distributed for free. In December, the company launched "Anuario 2011", a special edition featuring the most important events of the year in the regional newspapers. In April 2011, the Company introduced the sports regional supplements Norte, Oeste and Sur which are published on a weekly basis.

As to sports, in addition to the game El Gran DT, in 2011 special supplements were published covering prominent events such as the Dakar



Rally, the America Cup, the Davis Cup, the ATP de Buenos Aires Tournament and the Rugby World Cup in New Zealand. Diario Clarín also published the traditional products and special football tournament guides. Diario Clarín's newsroom continued to work closely with the newsroom of Clarín.com Deportes, producing multimedia content and sharing knowledge, which enriched news coverage and content.



Diario Clarín also continued to build upon the achievements attained by the cultural magazine *Ñ*, reaching average sales of 41,000 copies per issue. During the year, several initiatives were carried out, aimed at engaging readers through the launching of collectible products, the creation and sponsorship of forums comprising different cultural issues and involvement in and sponsorship of major cultural events. “Biblioteca Patricia Highsmith”, “El boom antes del boom” and “Grandes maestros del jazz” are the most outstanding collectible products. On June 25, Revista *Ñ* distributed “Sábado textual” together with its monthly issue. This is a free supplement which, on occasion of the newspaper’s 100<sup>th</sup> anniversary, makes a historical account of its lines of thought, through columns, articles and interviews published at Clarín throughout the decades.

In its seventh year, Revista Pymes, continued to strengthen its growth. During 2012, it published the collectible product “Comunicación y ventas”.

In order to continue to add value to its readers, Diario Clarín constantly keeps up to date and offers a wide range of editorial products together

with the core product, addressing the need to satisfy an increasing segmentation among the diverse demographic groups. It was an intense year in terms of collectible and optional products, consolidating Grupo Clarín as one of the major book editors of Argentina.

The highlights were: Aventuras de Películas de Disney; Superman; Los secretos del gran asador 2011; Libros bilingües Inglés-Español; Prehistoria; Enciclopedia Clarín del Estudiante Mundo Actual; El gran libro Clarín del Tejido; Libros Imprescindibles para el colegio; Grandes Fotógrafos de National Geographic; Historia de las elecciones Argentinas; Grandes pinturas del Museo Nacional de Bellas Artes; Enciclopedia de los animales y la naturaleza National Geographic; Activity Disney; Novela Gráfica; Colección Messi; El gran libro Clarín de la Moda; El gran libro Clarín de las Pizzas; Crochet; El gran Libro Clarín del Embarazo; El Gran Libro de la Belleza Clarín 2011; Viaje al corazón y viaje al cerebro; Cocina familiar rica y divertida por Jimena Monteverde; Las aventuras de Hijitus; Animales en acción; Grandes Museos de Europa; El Gran libro Clarín de la Decoración 2011; Guía para conocerte más y mejor.

Clarín’s products continued to set trends, and brand loyalty activities contributed to the consolidation of readers’ strong relationship with the brand. Further efforts were channeled into strengthening the bond with advertisers, bringing together new sectors and identifying their needs.

Clarín organized new editions of its renowned Clarín Awards, honoring its strong commitment to the promotion of Argentina’s best in the cultural and sports fields. To this effect, the 13<sup>th</sup> consecutive “Premio Clarín de Novela” ceremony was held, where Luis Lozano was awarded for his novel “Lloverá sobre nosotros”. The novel was published by Clarín-Alfaguara and the author won Ps.150,000.

Clarín.com is a news and opinion portal with updates in real time and free access on a 365/24/7 basis, which has been online since 1996. In addition to the full version of the printed newspaper and its archive, Clarín.com features ongoing updates of news produced and published by its own journalists. During 2011, Clarín.com received a total of 138 million unique visits, with a monthly average of 11.5 million. During 2011, Ole.com received an average of 7.7million unique visits.







## Other Newspapers

La Razón, the first-ever free distribution newspaper, is distributed in all subway and train lines in the City of Buenos Aires, as well as in bars and in highway tollbooths within Buenos Aires. Building upon the concept that “La Razón is a travelling companion”, as it does every summer, the newspaper sent copies throughout the season to Mar del Plata, Pinamar and Villa Gesell.

After thirteen years of existence and with an average daily circulation of 42,600 copies, Olé, the first and only Argentine sports newspaper, continues to consolidate its market positioning. It is the fourth largest newspaper in Buenos Aires in terms of circulation. Since its inception, it has revolutionized reading habits and managed to attract not only sports fans, but also a new generation of young readers, offering advertisers an opportunity to reach a specific market.

During 2011, La Razón discontinued Neuquén’s and Saturday’s editions. It also launched the 8-page weekly supplement “Suplemento Semanal Cultural de la Ciudad”.

In May, Clarín launched MUJ, a dynamic, visually designed and entertaining newspaper, which features news in addition to regional pages and sports and show business sections. With a “TV-

format” design, the newspaper summarizes the most resounding police cases and breaking news on soccer clubs and celebrities.

## Magazines

In 2011 the Company continued to issue the magazine Genios, which has 13 years in the Argentine market. With the children and school in mind, this magazine was created with the aim of integrating content for children, parents, school and society, combining education with entertainment. Since it was launched in March 1998, it has led the children’s magazine segment. Its editorial offering is always updated at the beginning of each academic year, presenting new sections, updated school materials and collectible books prepared by experts. During 2011, Genios consolidated its efforts in the website genios.com.ar and collectible products, such as, Mis proyectos escolares and Aventuras de película de Disney, among others.

Jardín de Genios is the monthly publication aimed not only at pre-school children and those attending the first years of primary school, but also at parents and teachers. In its annual launch, it published the magazine “Edición de Oro”, with more pages and

a square-shaped spine, and the supplement “Guía para Padres”, that came with a free kindergarten backpack. The magazine also presented the first book of the new collectible “La Casa de Mickey Mouse”, which became a best-seller.

During 2011, “Tiki Tiki”, a magazine aimed at children aged 8 through 14 and adolescents, continued to strengthen its position. In April, the magazine launched special editions, such as, Soy leyenda, XL del fútbol Argentino con anteojos 3D and collectible products, such as, Figus Virtuales and Tikifigus, among others.

The magazine Elle reaffirmed its leadership in the high-end advertisers segment. In 2011, its circulation reached a monthly average of 32,000 copies. In May and October, the company also published the magazine Elle Decoración.

The bi-monthly magazine Clarín Rural Revista continued to strengthen its position as a management tool for the productive sector with all the solutions and technologies aimed at agricultural businesses.

Also in 2011 the company continued to publish the monthly magazine-catalogue, Shop & Co, which includes discount coupons on important brands.



## Tinta Fresca

Tinta Fresca Ediciones S.A. ("Tinta Fresca") is an Argentine publishing company engaged in textbook publishing for the different stages of the Argentine education system. Tinta Fresca looks to place books as central elements of the teaching and learning processes and proposes to use books as effective and updated tools for teachers and students. Its strength is to provide access to textbooks to the largest number of students possible, at competitive prices, relying on a sales force capable of promoting its products by visiting teachers throughout the country and with points of sale nationwide.

In 2011, Tinta Fresca continued to improve its market position. Tinta Fresca strengthened its editorial offering with the launch of the series "Colorín Colorado 1, 2 y 3"; and the series "Matemática 1, 2, 3 y 7" featuring Sendra's drawings, which completed the series "Matemática 4, 5 y 6" launched in 2008. In line with school manuals, Tinta Fresca launched the series "Quiero aprender 4, 5 y 6" which features the character Gaturro created by caricaturist Nik. It also launched collectible products, such as, "Efemérides" and "El gran libro de la práctica docente", among several other value added projects.

As an outstanding and special contribution to society, the Company made available at Clarín.com a digital and free version of "Diccionario integral del español de la Argentina", released in April 2011. Users may easily check the full educational and cultural quality content of the dictionary.

## Artes Gráficas Rioplatense

AGR meets certain special printing needs of Clarín and Olé (magazines, optional and collectible products, among others), and also publishes large volumes of graphic material for third parties. It is the leading printing services company in Argentina.

In 2011, AGR retained its leading position in the sector with net sales of Ps.266 million. The company continued to exploit one of its main strengths: its participation in the entire value chain of the printing industry, which enables it to offer comprehensive customer service, including drafting, prepress, variable printing, offset printing, finishing and distribution. AGR

strengthened its presence in the foreign market, where sales reached Ps.6.5 million.

In May 2000, AGR entered into an agreement with the Techint Group, acquiring 50% of Impripost Tecnologías S.A. ("Impripost"). Impripost is mainly engaged in the overall production and printing of invoices, advertising brochures, forms, labels and cards. It also provides envelope-stuffing services for mass mailing.

UNIR S.A. ("Unir") is a company engaged in wholesale mail reception, classification, transportation, distribution and delivery services. As from August 25, 2008, AGEA holds a 93.41% direct controlling interest in Unir. In 2011, Unir totaled sales of Ps.60 million, a 39% increase compared to the previous year.

During the year and as stated in Note 9.1.f to the Financial Statements, the Company acquired an equity interest in Cúspide Libros S.A. through AGR. Through this acquisition, it launched Librocity.com, the on-line book store of Grupo Clarín, in partnership with the retail bookstore chain Cúspide. The book store features a broad and assorted catalogue and an advanced search engine. The site offers several payment methods and payment against delivery.

## CIMECO

Compañía Inversora en Medios de Comunicación S.A. ("CIMECO") 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. To date, CIMECO holds a majority interest in two of the three largest regional newspapers in Argentina: La Voz del Interior (Córdoba) and Los Andes (Mendoza).

Diario Los Andes was able to maintain its leadership in the province with special publications, events and special supplements. It continued to develop its loyalty program Los Andes Pass, retaining a 62% of the province's newspaper circulation and gaining a 42% share in the total advertising market of the province.

La Voz del Interior, a 106-year old newspaper, has a strong presence in the province of Cordoba. Its circulation levels remained steady during 2011,

## Papel Prensa

with a remarkable increase in the sale of optional products and very good revenues performance in the Internet and other digital businesses. Also during the year, CIMECO launched "La Voz 365", a subscription and loyalty plan that offers a reward card for subscribers. In editorial terms, CIMECO continued to move forward with the convergence process started in 2008. The progress made translated into a significant increase in the number of unique users in La Voz network, which by the end of 2011 exceeded the 3 million mark per month, whereas the site VOS.com.ar hit the 1 million users mark in January 2012. The opening to social networks and, in general terms, to a dialogue with the audiences were other important highlights.

During 2011, Comercializadora De Medios Del Interior S.A. ("CMI"), a subsidiary engaged in the sale of advertising, consolidated its digital business units and increased to 24 the number of commercialized web sites and strengthened its share in the total advertising pie.

After more than eight years in the market, the magazine Rumbos has remained the Sunday's magazine with strongest presence in the provinces and is distributed together with the main newspapers, including, La Voz del Interior, Diario Los Andes, El Diario de Paraná, Época de Corrientes and El Liberal de Santiago del Estero.

Papel Prensa is the first producer of newsprint that is wholly owned by Argentine capital. It began its operations in 1978 and is currently the largest Argentine producer of newsprint, with an annual production capacity of approximately 170,000 tons. As of December 31, 2011, 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%).

Papel Prensa has implemented production policies based on the procurement of strategic inputs without contributing to the depletion of natural resources. To this end, the paper mill recovers raw materials from the recycling of returned newspapers, instead of using virgin fiber. In 2011, Papel Prensa sold 167,265 tons of newsprint.

## Ferias y Exposiciones Argentinas

One of the main activities of Ferias y Exposiciones Argentinas is the organization of Caminos y Sabores, an exhibition intended to foster Argentina's gastronomy and handicrafts and promoting the region's most important tourist destinations. In 2011, Caminos y Sabores partnered with 80 small producers from different regions of the country who introduced their

products in the city of Mar del Plata, thus becoming the first exhibition held out of the city Buenos Aires. This achievement coupled with the results from previous editions encouraged the company to double the site surface where the traditional exhibition is held in Buenos Aires to 18,000 square meters, with 400 expositors and 100,000 visitors. After the 5-day event held in September, Caminos y Sabores consolidated as Argentina's largest fair exhibiting typical food, crafts and tourism.

In 2010, the Company also held the seminar ADMITE in Venado Tuerto, province of Santa Fe, and offered courses given by renowned professors of the agricultural sector, with training in technology and machinery.

In 2007, AGEA entered into an agreement with S.A. La Nación for the organization of Expoagro, a new agro-industrial fair, improving the results that had been obtained until then by Feriagro, and achieving a record-high number of exhibitors. In 2011, the exhibition, held from March 2 through March 5 in Corredor Productivo Baradero - San Pedro, was a success and received more than 123,000 visitors.



BROADCASTING & PROGRAMMING

# 3



Grupo Clarín is also the leading company in the audiovisual broadcasting and programming segment. Through Artear, it holds the license to broadcast Canal Trece, one of the two largest broadcast television channels in Argentina, and leads the segment in terms of advertising share and prime-time audience share. It also has a presence in broadcast television stations in Córdoba (Telecor), Bahía Blanca (Telba), Bariloche (Bariloche TV), and Río Negro (Radio Televisión Río Negro). Grupo Clarín also produces and sells some of the most popular cable television networks.

Its audiovisual broadcasting and programming array includes agreements and equity interests in the main television and film producers, such as Pol-ka Producciones, Ideas del Sur 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, more recently, Mitre AM 810 in the province of Córdoba.

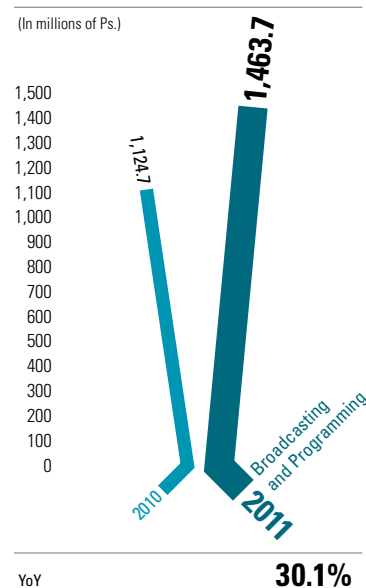
Grupo Clarín also has a strong stake in sports commercialization and broadcasting rights, mainly soccer and motor racing, directly and through joint ventures.

Out of Grupo Clarín's total sales in 2011, the broadcasting and programming segment accounted for Ps.1,464 million, taking into consideration intersegment sales.



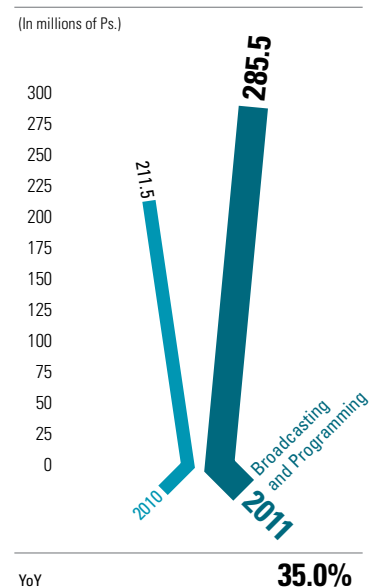
#### NET SALES

(In millions of Ps.)



#### ADJUSTED EBITDA

(In millions of Ps.)








Amidst a scenario marked by industry challenges and strong competition, Artear was able to achieve its goals in 2011. Its share of the traditional advertising market of broadcast television reached 35%.

In 2011, Canal Trece was the leading channel overall in broadcast TV. Since 2006 Canal Trece had been leading only the Prime Time, where most advertising revenues are concentrated. It achieved such leadership with 10.5 rating points from Monday through Sunday from 12:00 PM through 12:00 AM, against 9.5 rating points achieved by its closest competitor. Canal Trece had an overall average of 16% and a share of over 40% at Prime Time. Its professionalism, artistic quality, innovative proposals and technological developments continue to distinguish it as the most prominent audiovisual medium in the market.

As far as its programming is concerned, during 2011 Canal Trece combined fiction, information and entertainment in a diversified offering which places it not only as the general audience leader, but also as leader at high and middle socioeconomic levels, allowing it to reach highly demanded targets and, therefore, to lead the advertising market.

"Herederos de una Venganza", "Show Match", "Los Únicos" and "El Puntero" led audience ratings. As regards news programs, "Arriba Argentinos" continued to consolidate its morning

audience rating. Canal Trece's news programs -"El Noticiero de Santo", "Telenoche" and "En Síntesis"- further validated their already existing recognition and credibility with audience ratings that led their respective time slots.

With respect to cable television channels, TN achieved the highest audience share throughout the year across all time slots. On several occasions, it outperformed broadcast stations. Several talk shows stood out, such as "El Juego Limpio", "Palabras más, Palabras menos", "Código Político", "Desde el Llano", "Argentina para Armar", "Otro tema" and "A Dos Voces".

Artear further strengthened its TV slots, seeking to offer diverse options in terms of information and entertainment. The Spanish language music channel "Quiero Música en mi Idioma" was quick to lead audience ratings in the music genre. "Volver" continued to offer the best of classic and vintage Argentine films and television shows and reaffirmed its role as a 100% national channel that preserves our history with the highest technology. Magazine and Metro, general interest cable channels, continued to develop their programming criteria through thematic modules and standardized broadcasting. Canal Trece Satelital, Canal Trece de Buenos Aires channel, continued to focus on local productions and on including a significant number of in-house national productions in its programming.

## Operating Statistics - BROADCASTING AND PROGRAMMING

	2011	2010	YoY
<b>Advertising Share<sup>(1)</sup></b>	<b>36.6%</b>	36.1%	1.3%
<b>Audience Share<sup>(2)</sup></b>			
Prime Time	42.2%	42.2%	0.2%
Total Time	33.0%	31.0%	6.4%

(1) Company estimate, over ad spend in Ps. in broadcast TV for AMBA region.

(2) Share of broadcast TV audience according to IBOPE for AMBA. Prime Time is defined as Monday through Friday from 8 pm to 12 am. Total Time is defined as Monday through Sunday from 12 pm to 12 am.

During 2011, the most prominent show business and general interest events were broadcast, such as, U2, Alejandro Sanz, Shakira, Joaquín Sabina, Justin Bieber and Rod Stewart concerts, among others; as well as the 20<sup>th</sup> edition of the traditional campaign “Un Sol para los chicos, aimed at raising funds for UNICEF, held at Luna Park.

Committed to being always at the frontline and with a view to permanently improve quality image, on May 16, 2011, Canal Trece started to broadcast in High Definition through “El Trece HD” (Signal 619 in Cablevisión’s grid), and has since become the first broadcast signal in producing all of its content in High Definition. This success is the result of intensive investment in equipment and professional training. El Trece had been the first signal in piloting a high-definition system since September 25, 1998 and used it uninterruptedly since 2000 through 2009.

Artear continued to produce fictional content for TV series and motion pictures through Pol-Ka, Ideas del Sur and Patagonik Film Group. “Herederos de una Venganza”, “Los únicos” and “El puntero” are the highlights in fiction production that led audience rating. Pol-ka became the first national producer in producing all of its programming in high definition (HD).

In addition, the Company focused significant efforts aimed at developing activities related to the commercialization, organization and broadcast of sports events through TyC Sports, mainly football and motor racing.





# ▼ Mitre

In 2011, AM Mitre 790 reaffirmed its track record and consolidated its second place in the ranking of audience share during the entire year, reaching an audience share of 18 points.

The radio talk show "Primera Mañana", hosted by Nelson Castro with a group of prestigious columnists, stood out among Radio Mitre's programming. "Hola Chiche", hosted by Chiche Gelblung, continued to renew the morning slot with a lineup that combines journalism, general news coverage and enjoyable and smart humor.

In the afternoon slot, Radio Mitre continued with programs that have strong journalistic content, such as "El Club de la tarde" hosted by Ernesto Tenenbaum, "La Otra Pata", hosted by Marcelo Zlotogwiazda, and "Lo que queda del día", hosted by Horacio Caride.

La 100 consolidates its leadership in the FM radio segment, with an entertaining, smart and innovative proposal based on programs led by famous artists and good music. By year-end, La 100 led the audience share with growth in almost all of its programs. In 2011, the shows "El Show de la Noticia", hosted by Roberto Pettinato in his eighth season, and "Lalo por hecho", hosted by Lalo Mir, stood out once again. To further consolidate its bond with listeners, the radio station continued to organize acoustic concerts and on-location broadcasts from its mobile studio, featuring highly-acclaimed national and international artists.

Finally, of remarkable note is the growth experienced by Cienradios.com.ar, a site that was conceived as an extension of our brands to the web that now stand on their own. It entails

the development of an infinite concept of the dial and is unique in Latin America. The user may choose among a wide offering of broadcast radio stations and other stations, specially designed for the Internet with segmentations of singers, bands, music from different decades, the music presented by the FM radio station hosts, folklore, tango, romantic music and other rhythms.

During 2011, the presence of Mitre AM 810 was also consolidated in the province of Córdoba as the second radio with the highest audience share. With a permanent staff in the city and its own news service, Mitre AM 810 developed comprehensive coverage of news comprising Córdoba, Argentina and the world.



DIGITAL CONTENT & OTHERS

4 



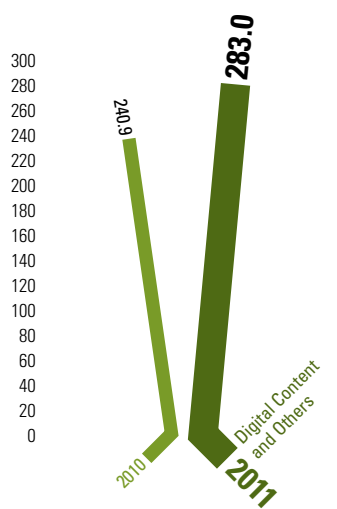
Revenues in this segment are derived from the sale of advertising on Internet web sites and portals and the provision of administrative and corporate services by Grupo Clarín and its subsidiary GC Gestión Compartida S.A. ("GCGC") to third parties and other subsidiaries. They also include digital content production through Contenidos de Medios Digitales ("CMD").

Out of Grupo Clarín's total sales in 2011, this segment accounted for Ps.283 million, taking into consideration intersegment sales.



**NET SALES**

(In millions of Ps.)

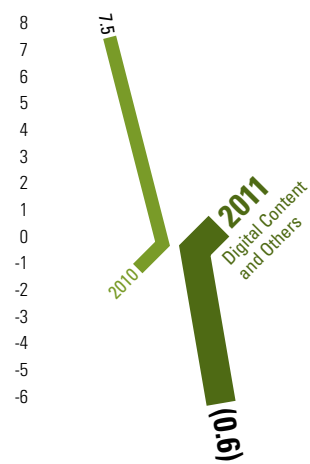


YoY

**17.5%**

**ADJUSTED EBITDA**

(In millions of Ps.)



YoY

**(107.6%)**



WELCOME TO THE...  
A scenic landscape with mountains and a lake, featuring a navigation menu and a central image of a person.

Video player interface showing a person speaking, with a sidebar containing social media links and a list of related content.

News article layout with a large image, a headline, and a list of smaller article thumbnails on the right side.

News article with a prominent headline: "NO VAMOS A ENTREGAR ESTA CGT" and a photo of several men in suits.

Website with a green header and the text "toda PASION", featuring a grid of images and text blocks.

Complex layout with a purple header, a large photo of a man, and multiple columns of text and images.

Website with a dark header and a large image of a person, with a sidebar of smaller images and text.

News article with a blue header and the headline "El nuevo iPad", including a photo of the device and descriptive text.

News article with a large 'N' logo and the headline "La dictadura del Word", featuring a map of Spain.

Website with a dark background and a grid of small, colorful images, possibly a gallery or portfolio.

E-commerce site with a blue header and the text "mr sale", displaying various product listings.

Website with a green header and the text "Amor la memoria", featuring a photo of a person and a grid of images.

Website with a white background and the text "Cupon", featuring a grid of product images and promotional text.

News article with a blue header and the text "iEco", featuring a large image of a person and text.

Complex layout with a dark background and a large image of a person, with a sidebar of smaller images and text.

E-commerce site with a white background and the text "Cupon", featuring a grid of product images and promotional text.

## ▼ Digital content

Grupo Clarín is the leading producer of digital content. Through CMD and Clarín Global, the Company developed the broadest network of portals and digital content in Argentina, covering news, entertainment, sports, classified advertisements, e-commerce, digital photography, video, blogs, chat rooms, music, mobile content (ringtones, SMS and games) and a browser. This network seeks to replicate on the Internet the presence and relevance of Grupo Clarín's several offline media.

Given the fact that, in line with the corporate strategy, the exploitation of Clarín and Ole websites that were previously operated by Grupo Clarín was

transferred to another company, goals have been redefined in order to strengthen the positioning of other sites, such as, Todo Noticias, Cienradios, Ciudad and EltreceTV in terms of traffic and revenues.

TN.com.ar, the website of Todo Noticias developed by CMD, registered amazing audience share growth at year-end. The site consolidated as the most visited website related to a TV signal and was also the news site that experienced strongest growth. One of the turning points was the overall redesign of the site in May 2011.



### Operating Statistics - DIGITAL CONTENT AND OTHERS

	2011	2010	YoY
Page Views <sup>(1)</sup>	613.9	534.7	14.8%
Unique Visitors <sup>(1)</sup>	25.9	21.0	23.3%

(1) In millions. Average. Source IAB and Company Estimates.

During the year, Interpatagonia SA, a company where CMD holds an 80% equity interest, managed to consolidate its website Welcomeargentina.com, winner of the Mate.ar golden award to the best website in 2011.

At the same time, Club Cupón, the on-line discount site completed its first year of operation. The

Company also operated other e-business sites, such as, Confronte and Mas Oportunidades, and contextual adverting sites under the iAvisos brand.

Also in 2011, through Clawi SA, a company where CMD holds a 51% equity interest, Grupo Clarín managed to enter the Spanish market with the on-line game Mundo Gaturro, and moved forward

with its international expansion process. Mundo Gaturro already has 3 million registered users.

Concerning launches, CMD entered the direct sale market through its brand Mr. Sale and experienced sustained growth throughout the year, both in terms of variety of items for sale and sales volume. Through its brand Yuisy, CMD launched



ArgenProp  
Buscainmuelle  
Canal 13  
Clasificados  
Clarín.com

Cienradios  
Ciudad  
Clarín Blogs  
Clubcupón  
Confronte

De Autos  
De Motos  
Entremujeres  
Espectáculos  
Genios

Guía de la Industria  
Grupo Clarín  
iEco  
Imagena  
Interpatagonia  
La Razón

## Other Services

Rolling Ranch, the first videogame fully developed by CMD that features 80 levels and HD imaging, and is supported by Iphone, Ipad and Ipod. CMD also launched the videogame Halloween Hunter, available for all Apple mobile devices.

Through GCGC, Grupo Clarín renders specialized-process outsourcing services to medium and large companies. The services rendered, which include payroll management and processing and implementation of related processes, as well as human resources management, are oriented to optimize quality and provide innovative management tools.

During 2011, total sales increased by 20% compared to the previous year. The company continues to bolster the services offered, increasingly focusing on a customer-driven approach, as well as on strengthening improvement processes.



Más Oportunidades  
Mundo Gaturro  
Nimbuzz  
Nómade  
Mublet  
Olé

Quieromúsica  
Revista Ñ  
Shop1  
Tangocity  
Tebusco

Tipete  
TN  
TN y la Gente  
Toda Pasión  
T&C Sports

Ubbi  
Via Restó  
Yuisy  
VXX  
Welcome Argentina

CORPORATE GOVERNANCE, ORGANIZATION  
AND INTERNAL CONTROL SYSTEM

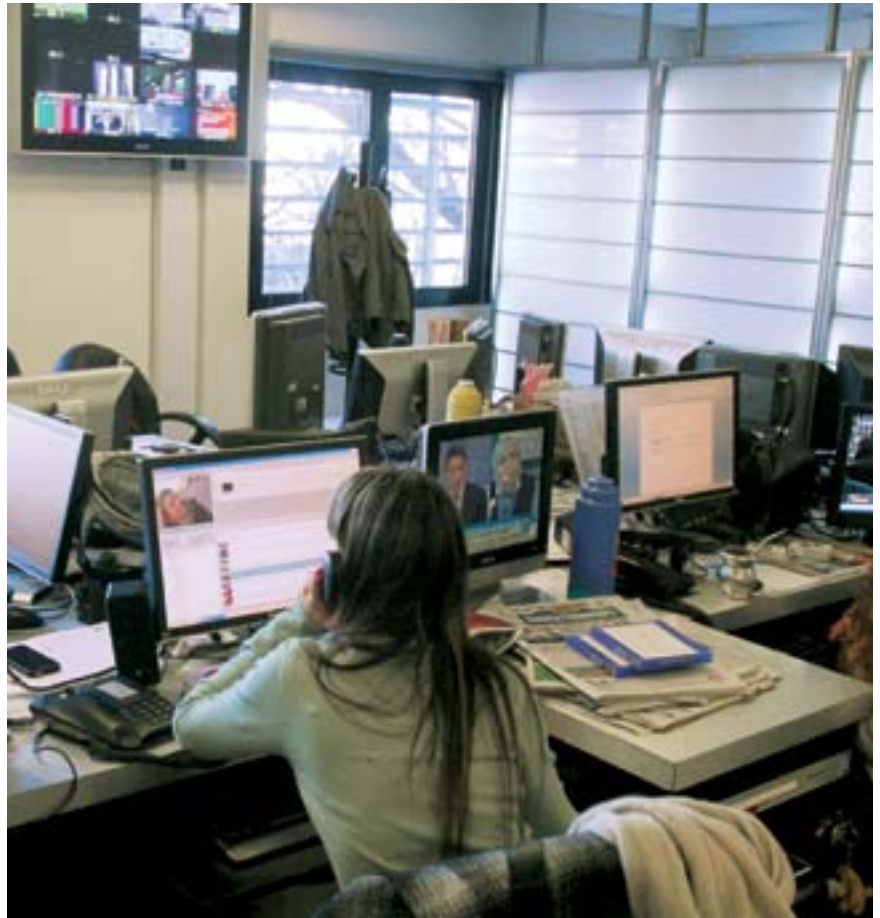
5





Grupo Clarín's Board of Directors is responsible for the Company's management and approves its policies and overall strategies. According to the Company's By-laws, the Board has ten permanent members and ten alternate members, appointed on an annual basis at the Regular Shareholders' Meeting. The By-laws also provide for the appointment of four independent directors, two permanent members and two alternate members, appointed in accordance with the requirements of National Securities Commission ("CNV").

Day-to-day decisions relating to Grupo Clarín's businesses are taken by an Executive Committee formed by three members, appointed and supervised by the Board of Directors.



#### MEMBERS OF THE BOARD OF DIRECTORS

Héctor Horacio Magonetto	Chairman
José Antonio Aranda	Vice Chairman
Lucio Rafael Pagliaro	Director
Alejandro Alberto Urricelqui	Director
Jorge Carlos Rendo	Director
Pablo César Casey	Director
Muneer Satter	Director
David Castelblanco	Director
Lorenzo Calcagno	Independent Director
Alberto César José Menzani	Independent Director

Subsequent to year-end, the Company was notified of and accepted the resignation to the position of Permanent Director designated by Class C shareholders of Mr. Muneer Satter and Mr. David Castelblanco, as well as the resignation of Mr. Luis María Blaquier. The Board of Directors decided to call for an Extraordinary Class C Shareholder's Meeting to be held on March 26, 2012, in order to appoint a Permanent Director and two Alternate Directors and a Permanent and an Alternate Member of the Supervisory Committee. The meeting was not held due to lack of a quorum, therefore the Directors and Members for the mentioned positions were elected by the Annual General Meeting on April 26, 2012.

## EXECUTIVE COMMITTEE

Héctor Horacio Magnetto	Chairman
José Antonio Aranda	Vice Chairman
Lucio Rafael Pagliaro	Director

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 Regular 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 set forth by the CNV.

## AUDIT COMMITTEE

At year-end, the Audit Committee was comprised as follows:

Lorenzo Calcagno	Independent Director
Alberto César José Menzani	Independent Director
Alejandro Alberto Urricelqui	Director

## SUPERVISORY COMMITTEE

At year-end, the Supervisory Committee was comprised as follows:

Raúl Antonio Morán	Independent Permanent Member
Carlos A. P. Di Candia	Independent Permanent Member
Alberto López Carnabucci	Independent Permanent Member
Hugo Ernesto López	Independent Alternate Member
Martín Guillermo Ríos	Alternate Member
Pablo Tonina	Independent Alternate Member

Subsequent to year-end, the Company was notified of and accepted the resignation to the position of Permanent and Alternate Member of the Supervisory Committee designated by Class C shareholders of Mr. Alberto López Carnabucci and Mr. Pablo Tonina. As mentioned above, the Board of Directors decided to call for an Extraordinary Class C Shareholder's Meeting in order to appoint a Permanent Director and two Alternate Directors and a Permanent and an Alternate Member of the Supervisory Committee. The meeting was not held due to lack of a quorum, therefore the Directors and Members for the mentioned positions were elected by the Annual General Meeting on April 26, 2012.

To assist the Executive Committee in their daily duties, Grupo Clarín organizes its activities under an executive structure comprising: External Relations Division; Corporate Finance Division; Corporate Control Division; Corporate Strategy Division; Audiovisual Content Division; Corporate Human Resources Division; Corporate Affairs Division; Digital Content Division.

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, etc. The professional experience and background of the main managers are disclosed to the general public upon their appointment.

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 the specific purpose of 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.

Grupo Clarín has compensation arrangements with all of its 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 and prevailing market salaries. The 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 13 to the parent company only Financial Statements, on January 1, 2008 Grupo Clarín began to implement a Long-term Savings Plan ("PALP") for certain executives of Grupo Clarín and its subsidiaries. Executives who adhere to such plan will contribute regularly a 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.

## Annual Shareholders' Meeting

On April 28, 2011, Grupo Clarín held the fourth Annual Regular Shareholders' Meeting since the Initial Public Offering of its shares. On this occasion, the shareholders reviewed and approved the accounting records for fiscal year No.12 ended on December 31, 2010 and the performance and compensation of the members of the Board of Directors, the Supervisory Committee and the Audit Committee. Among other things, they reelected the permanent members and alternate members of the Board of Directors and said committees for the year 2011. The Company distributed dividends for an aggregate amount of Ps.120 million, representing 41.751% of its nominal capital and Ps.0.41751 per share.

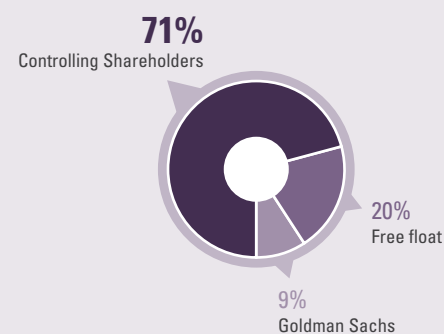
## Dividend Policy

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 Business Associations 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 annual ordinary 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.

## Stock Information and Shareholder Structure

Grupo Clarín is listed in the Buenos Aires Stock Exchange where it trades its shares, and in the London Stock Exchanges, where it trades its shares in the form of GDS.

<b>London Stock Exchange (LSE) - Ticker:</b>	<b>GCLA</b>
<b>Bolsa de Comercio de Buenos Aires (BCBA) - Ticker:</b>	<b>GCLA</b>
<b>GCLA (BCBA)</b> Price per share, December 30, 2011	<b>Ps.8.90</b>
<b>GCLA (LSE)</b> Price per GDS, December 30, 2011	<b>US\$5.00</b>
<b>Total Shares</b>	<b>287.418.584</b>
<b>Total</b>	<b>143.709.292</b>





GRUPO CLARÍN AND ITS CORPORATE  
SOCIAL RESPONSIBILITY

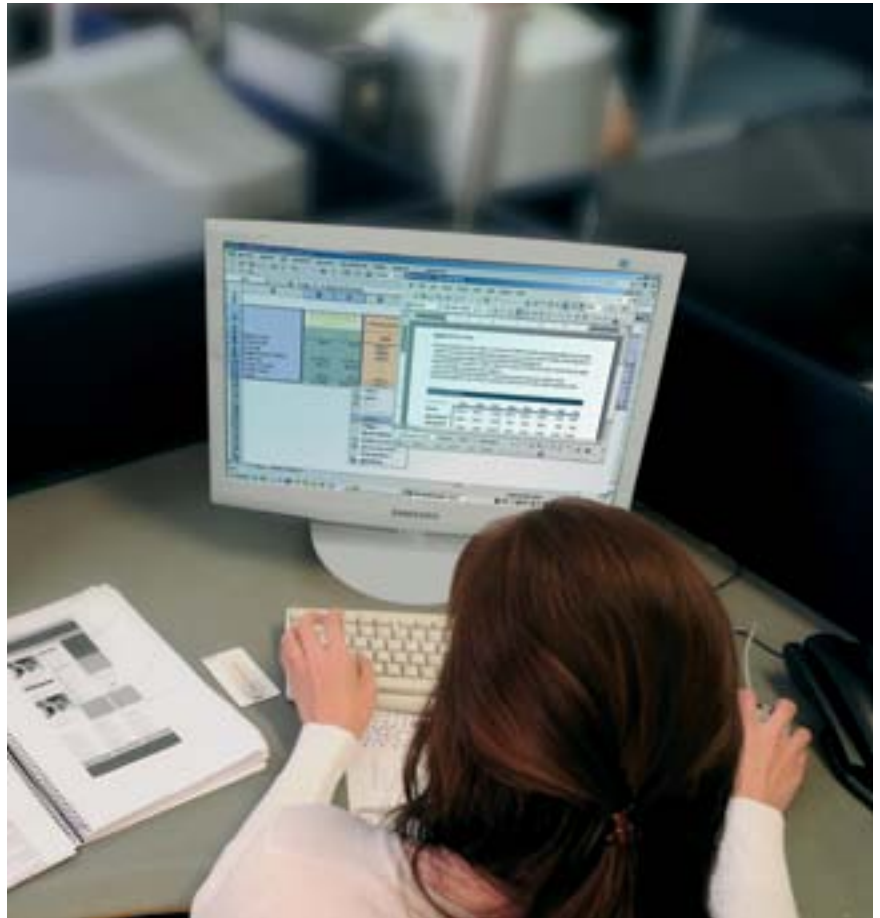
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## Our commitment

Since its foundation, Grupo Clarín has been aware of its social responsibility as a company and as a member of the media, and has strived to assume such responsibility abiding by the laws, honoring its active and sustained social and community involvement and, especially, fulfilling its duty to inform with honesty and accuracy.

Commitment to society is an inherent and essential part of Grupo Clarín's vision and mission statement. The Company attaches special importance to the relationship with its different audiences, which acknowledge and validate its activities each day and, over time, have established multiple communication and interaction channels with Clarín's stakeholders.

From the standpoint of its audiences, readers and society in general, Grupo Clarín's media and journalists work day after day towards respecting and consolidating the people's right to information; combining high credibility with a comprehensive journalistic and entertainment offering based on a deep knowledge of the audience.



## Transparency, standards and guidelines

Through its commitment to the Global Compact proposed by the United Nations, Grupo Clarín seeks to intensify and, to a greater extent, systematically embody the values and principles that guide the Company's daily work, particularly those concerning labor, sustainable development, and human rights.

Grupo Clarín also participates in several groups and organizations, which gather other Argentine, Latin-American and global media players and stakeholders to share experiences, identify best practices, and foster cooperation on the specific issues that media companies address as part of their social responsibility strategies. During 2011,

the Noble Foundation renewed its presence in the "Grupo de Fundaciones y Empresas", a space to share knowledge and set standards in the field of strategic social investment.

During the period of 2009-2012, Grupo Clarín committed its participation and contributed to the multi-stakeholder development of the Media Sector Supplement for the Global Reporting Initiative. The GRI guidelines act as a reference for an extensive process, currently underway at the Company, to further consolidate, identify and report relevant information regarding the environmental and social impacts, while establishing new goals to strengthen its related initiatives and strategy.





Grupo Clarín's observance to the principles included in all those guidelines is also outlined in the Company's Code of Ethics and "Guía para la Acción", a document which proposes models for management, organization and roles, while outlining Grupo Clarín's policies and procedures concerning labor, the environment and human rights.

Freedom of expression and transparency are values which are indispensable to the Company and its professionals. Both principles are particularly relevant in areas linked to news services. At Grupo Clarín, each company commits to the quality, rigor

and transparency of its information and content. News coverage and programs aim to be plural and fair, reflecting the journalists' efforts to inform on facts and events in a balanced manner, while allowing opinion regarding the parties involved.

Style guides, ethics manuals, news coverage guidelines -including some for kidnapping and hostage situations- and several other self-regulations and commitments guide the different activities of news and entertainment oriented companies. This does not mean that every issue, especially regarding content and editorial view, is addressed as expected. For that reason

Grupo Clarín's media companies are continuously designing new means to engage with its readers and audiences.

As the previous years, 2011 proved to be a specially challenging year for freedom of expression in Argentina. The Company supported numerous initiatives to create awareness on the subject and demonstrated its sustained commitment to defending and promoting it.

Presently, most media in Argentina are either state-owned or a significant portion of their income directly depends on the increasing government advertising expenditure. Those are adverse conditions that can often pose a threat for journalistic independence, freedom of expression, access to information and plurality of voices, all vital conditions for a sustainable and democratic society. Therefore, the Company pays special attention to guaranteeing its economic independence by pursuing a sustainable business model with diversified sources of income.

During this period, as historically, Grupo Clarín's revenues from government advertising have only represented around 1% of the Company's total income.

In furtherance of transparency, the following table, included in the Company's 4Q & 2011 Earnings Release, shows the sales breakdown by source of revenue as a total figure and by business segment.

## SALES BREAKDOWN BY SOURCE OF REVENUE - DECEMBER 2011

(In millions of Ps.)	CABLE TV & INTERNET ACCESS	PRINTING & PUBLISHING	BROADCASTING & PROGRAMMING	DIGITAL CONTENT & OTHERS	ELIMINATIONS	TOTAL	%
Advertising	77.6	1,184.3	978.8	21.6	(129.5)	2,132.8	21.9%
Circulation	-	650.5	-	-	-	650.5	6.7%
Printing	-	249.7	-	-	(35.9)	213.8	2.2%
Video	4,478.9	-	-	-	-	4,478.9	45.9%
Subscriptions	-	-	-	-	-	-	-
Internet	1,364.4	-	-	-	(3.2)	1,361.2	14.0%
Subscriptions	-	-	-	-	-	-	-
Programming	-	-	355.0	-	(128.0)	227.0	2.3%
Other Sales	416.0	74.2	129.9	261.4	(193.1)	688.5	7.1%
<b>Total Sales</b>	<b>6,336.9</b>	<b>2,158.7</b>	<b>1,463.7</b>	<b>283.0</b>	<b>(489.8)</b>	<b>9,752.5</b>	<b>100.0%</b>



## People's voices

The proliferation of new media, Internet based networks and the web 2.0 phenomenon, started a revolution in journalism and in terms of how people consume news and other types of content. This requires a serious assessment on how to face the challenges of the digital era, adapting the Company's business models to satisfy Grupo Clarín's audiences, and at the same time sustaining the Company's leadership position.

Grupo Clarín's media companies have a long history of audiences' and readers' engagement. The ability to anticipate trends together with a profound knowledge of media consumers and the ability to interpret their needs and meet their demands, explain the Company's sustained

leadership and favored place amongst consumers' preferences.

The pace of change calls for new and creative means of interaction. Clarín's newspaper segments such as "El juicio final", "Cartas al país" and daily readers' surveys, all traditional means of engaging readers, are complemented by more recent initiatives to accompany peoples' needs to participate in the news process. Over the last few years, the Company has launched a growing number of new blogs, and generated greater interaction not only with journalists, but also between our users. Interactivity opens space for informative content deriving from readers, listeners and web users. 'TN y la gente'

is a web-based tool developed by the Company's news channel, where audiences send photos or video footage captured from personal and mobile cameras, as another way of introducing citizen journalism and increasing end-user participation in our media.

The Company also pays special attention to giving voice to small or underserved communities and providing for the development of local content. Cablevisión and Artear are working together to gradually renew local TV channels and newscasts in several cities in Argentina. The program takes into consideration access to local information and culture, while providing them with state-of-the-art technology and training.



## Social and sustainability coverage

To better assess the influence the media can have on different audiences, Grupo Clarín establishes goals to ensure the quality and pluralism of its content. Grupo Clarín's newspapers and television newscasts have a long and highly praised record in investigative reporting, and provide comprehensive news coverage and insightful pieces on relevant social and environmental issues. Reflecting the diversity of society through its news coverage and entertainment content lies in the core of its unique capacity to engage with audiences and readers.

Special supplements, expert and academic voices and editorials, onsite coverage and skilled journalists and infographics complete an extensive offering on topics that vary from health, consumption and development to science, education and conservation. Weekly TV Programs such as 'TN Ecología' and 'TN Ciencia', in Todo Noticias, Grupo Clarín's 24 hour news channel and the leading cable channel in Argentina, have become leaders in their fields.

During 2011, the Company's media paid special attention to issues related to climate change and the environment.

Radio Mitre, its main broadcasting radio station, combined 24 hour coverage of these issues through an environment specialized journalist and a campaign to promote people's involvement.

The newspaper La Razón launched the monthly supplement Gestión Sustentable (Sustainable Management) to promote awareness 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.

Among the most significant initiatives, the Company started to work in association with Vida Silvestre, Farn, Greenpeace and other 7 environmental organizations from Argentina or with active presence in the country to develop a collectible named Salvemos Nuestra Tierra (Let's save our planet) published together with Diario Clarín in March 2012. The product seeks to raise awareness on major environmental issues and their potential solutions, while offering a guide to learn how to help the planet and activities to work at school or at home.

The Company also continued to draw attention to weblogs that create social awareness within Clarín.com. Some examples are "¿Estás?" in association with Red Solidaria, "Espacio Positivo", with Fundación Huésped and "El Otro, el Mismo", with Universidad Católica Argentina and social organizations engaged in fostering the inclusion of people with disabilities. Moreover, the "Calendario del Compromiso con la Comunidad" (Calendar of

Commitment to the Community) was published in Revista Viva for the sixth consecutive year.

Education is deeply rooted in the Noble Foundation's mission and history of community involvement since its origin, and is also one of the key social issues frequently addressed by Grupo Clarín's editorial coverage. During the last few years, third party, academic and the company's own monitoring processes have all registered a gradual, yet sustained increase in social topics coverage.

During 2011, NGO Periodismo Social and Austral University produced an independent report on television news coverage regarding childhood in Argentina. Telenoche, the Company's main newscast and leader in terms of audience, was identified as the one that allocated more space to news and information regarding children and youth, reaching 32,4% of their total coverage. Also, the report concluded that more than 54% of the sources referred were children and their families.

This relates to an initiative that the Company launched in 2009 by which is breaking new ground in Argentina: an ambitious training program oriented to audiovisual journalists, that seeks to achieve excellence and raise awareness of the particular features of the main social topics





in order to promote responsible coverage in the news. In its initial stages, the project involved training for journalists who work on newscasts related to Cablevisión and Artear, mainly in the interior of the country and reaching most coverage areas.

Recognizing the importance of reflecting diversity, promoting social justice, protecting youth, encouraging minority recognition and preventing racial and gender discrimination, the company is already moving ahead in its goal for the next period to continue to offer training for its journalists. During the first semester of 2012, several workshops are being held directed at journalists, editors, anchors, cameramen and other television professionals from the Company's main air and cable TV channels to improve coverage and create awareness on these issues.

### Promoting involvement

Still, there is much to be done. In this regard, Grupo Clarín aims to continuously enhance its role in promoting public debate, encouraging individual involvement by better and further portraying the challenges of society under social, economic and environmental aspects with a plural view.

Grupo Clarín's different media companies also

endorse several initiatives promoting people's involvement in democracy and responsible citizen control of their representatives' acts and decisions.

Through Artear, the Company set out once more to promote values such as solidarity and community involvement. Thus, it created "Abanderados de la Argentina Solidaria", an award that recognizes the otherwise silent labor of social entrepreneurs and community leaders, by divulging valuable and replicable initiatives that advance social transformation. The initiative is supported by Ashoka and a remarkable panel comprised by outstanding people from the social, academic and cultural sectors. In its second edition in 2011, the award was granted to Leila Abdala, president of Minka foundation, an organization dedicated to the inclusion of people with disabilities in the province of Tucumán. Also, during the year, special news reports and tributes were aired regarding late Sigfrido Moroder, a catholic priest that transformed the lives of the aboriginal community of Quebrada del Toro, in the province of Salta, and that had won the first award.

In 2011, Clarín supported the first edition of Expo Solidaria, an event that under the motto "helping the helpers" convened more than 170 NGOs from different regions of the country, and showed the public the daily efforts made by thousands

of persons committed to helping children and teenagers.

In May, Genios magazine launched "Te Abrigo", its first institutional campaign aimed at restoring the value of collective construction. The magazine invited families and homes from the country to knit square woolen pieces that were then assembled by Red Solidaria volunteers and distributed among the homeless. The families donated more than 60,000 woolen squares that were used to make 1,400 blankets.

During 2011, Clarín renewed its partnership with Missing Children and Red Solidaria to publish photographs of missing children in La Razón newspaper and raise awareness about the role of the community in dealing with this problem. The Company also helped to broadcast the events held to remember and create awareness in relation to the anniversary of the terrorist bombing of the AMIA.

Grupo Clarín also provided renewed support to the traditional campaign "Un sol para los chicos", together with Artear and UNICEF. The campaign reached in 2011 its 20<sup>th</sup> edition, and promotes private social investment –still lower in Argentina and Latin America compared to the US and Europe- and is one of the key sources of income for UNICEF in the country.

## Community engagement and social advertising

Grupo Clarín's impact and relation with communities and individuals exceed those of its editorial coverage. Support for vulnerable communities, mentoring education projects, campaigning for disaster affected regions and different types of donations and expertise are only some examples of the many initiatives organized and fostered jointly or separately by Grupo Clarín's different media companies.

In terms of social advertising, during 2011, through the Noble Foundation and several of its media companies, Grupo Clarín contributed with advertising time and space to promote social, civic and environment related causes, through its own programs or within strategic alliances with renowned NGOs. During 2011, the amount of air time in broadcast television and radio donated reached 278 thousand seconds, which represents a figure of more than Ps.15 million.

The impact made by these and other specific contributions to projects and campaigns by other subsidiaries can be added to the 2.2 million pesos budget of the Noble Foundation for the 10/11 period, and the 3,2 million pesos represented by the donations of connectivity services. Nevertheless, the total figure cannot be yet estimated at a group level since information collection systems are being set in place to be able to provide detail.

As well as contributing with its own funding, knowhow and expertise, Grupo Clarín aims to leverage support from others by seeking matching funding and regular donations from individuals and partner organizations for supported initiatives.

In response to civil society organizations growing communication needs and demands, Grupo Clarín launched a multiple approach program that combines spreading and raising active awareness of public and social interest topics through advertising, design and communication services for NGOs and the development of web based blogs and sites.

During 2011, the Company strived to further contribute to the improvement of social advertising and communication skills in civil society organizations. One of the ways to engage this issue involved increasing the scale and impact of "Segundos para Todos", an advertising contest for NGOs organized by Cablevisión, which combined broadcasting spots with coaching sessions in Buenos Aires, Córdoba, Santa Fe, Salta and Neuquén. During 2011, the company continued to invest in the TV program "Segundos para todos TV", that reflected their outreach to the community and focused on public interest topics.

An additional issue in which Grupo Clarín has a sustained and strategic commitment is in reducing the digital divide and promoting digital inclusion. This is addressed by raising awareness through news coverage and TV programs in different media outlets. Also during 2011, Cablevisión extended its free cable TV and Internet access connections program to a growing number of schools, hospitals and other institutions, reaching almost 19 thousand connections by the end of the year. This represents an annual contribution of approximately Ps.3.2 million, and is completed with specific programs such as a "social fee" for low income neighborhoods.



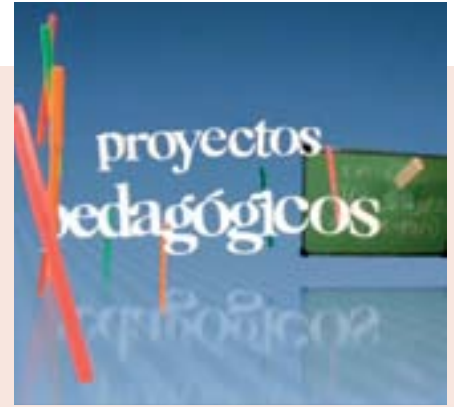
## Fostering education and culture

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

Also, the company created Voz Activa, a publishing house that recently launched the first Dictionary ever published that is entirely focused in the Spanish language spoken in Argentina. This historic contribution to culture and education was widely acknowledged by academics and society in general.

For the eleventh consecutive year, the Company successfully organized the campaign entitled "Digamos Presente", an initiative focused on education involvement and rural education, together with APAER, Red Solidaria, Cimientos Foundation and in alliance with Telecom.

Among the main alliances are specific initiatives such as the public-private project entitled "Escuelas del Bicentenario" (Bicentennial Schools). This project seeks to assist public elementary schools to which children in vulnerable social circumstances attend throughout the country, and to contribute to public policy, by developing scalable, sustainable and replicable school improvement mechanisms. Another alliance is the program "Potenciar Comunidades Rurales" (Empowering Rural Communities) carried out to support several local development projects in certain provincial communities.



One of the most important initiatives generated from a collective effort is the "Premio Clarín-Zurich a la Educación" (Education Awards). The third edition recognized the best projects aimed at improving the quality of natural sciences teaching. For the next period it will select the best project in the field of mathematics.

During this period, through the Noble Foundation, the Company continued to offer donations of bibliographical material, and renewed its long time support of several schools which carry the name of the Clarín's founder, Roberto Noble ('Escuelas Roberto Noble').

Again this year, the Company sponsored the annual Maratón de Lectura (Reading Marathon) initiative, organized by Fundación Leer with the participation of 3,500,000 children. The event received the donation of books published by Clarín and the initiative was promoted through a wide range advertising campaign.

Likewise, the cultural commitment was renewed through several sponsorships, reaffirming Grupo Clarín and its subsidiaries' presence in important events, such as the National Book Fair, Expo Trastiendas, Arte Clásica, Fundación PROA, Arte BA, Teatro Colón, Festival de Otoño, Usuahia's Festival

of classical music, the World Tango Festival, the Mozart Fest and Festivalito, among others. Grupo Clarín also supported the presentations of Iñaki Urlezaga and Trío Argentino, the theater performance of "Arturo Illia", a play starred by Luis Brandoni, as well as the launch of Teatro Maipo's season presenting "El último tour" by Eleonora Cassano and the play "The War of the Roses" and motion pictures such as "El gato desaparece", "Viudas" and "Vaquero".

The Company also supported the annual award "Premio Clarín de Novela" and "Premio Clarín de Cuentos" and the first edition of the literature program "Primavera Independiente" at Victoria Ocampo's residence in San Isidro.

Through its cable and broadcasting channels, the Company also makes significant efforts to promote the most important cultural, cinema and sports events, and makes an increasing contribution in the field of cultural diversity and local identity. Noteworthy are initiatives such as "Volver", a cable channel that preserves the most complete Argentine programming archive, or the "Word Archive" at Radio Mitre, which offers an online record of some of the country's most valuable audio heritage.

### Noble Foundations' educational donations

	2011	2010	2009	YoY
<b>Books</b>	53,406	63,542	40,589	(15.95%)
<b>Magazines</b>	6,625	4,160	7,066	59.25%
<b>Booklets</b>	260	550	837	(52.73%)

### “Education and the media” Program

	2011	2010	2009	YoY
Teachers' workshops	100	169	111	(40.83%)
Students' workshops	525	581	553	(9.64%)

### Media literacy and protection of young audiences

Media has an increasing role in society and especially in the lives of young people. Through several programs, the Company encourages them to develop tools to access media through critical analysis and to take advantage of opportunities presented by media to explore their identities, creatively express their thoughts and opinions, and amplify their voices.

Media Literacy is generally defined as the ability to access, analyze, critically respond and benefit from the different type of media. Grupo Clarín’s main tool for fostering media literacy is “Los medios de comunicación y la educación” (‘Education and Media’), a leading and recognized program that has been in place for nearly 30 years. One of the main activities of the Noble Foundation in 2011 was that of renewing the program, which consists of workshops and booklets for teachers and students to promote a critical approach to the media and to utilize them as complementary resources in education.

These programs are supplemented through other initiatives regarding the promotion of responsible content consumption. Through the Noble Foundation, Grupo Clarín renewed the presence and coordination of the media section at the “Museo de los Niños” (Children’s Museum), and continued to promote visits to its printing facilities. During 2011, 13,452 people (mainly students) had the opportunity to see firsthand what goes on behind the news production and distribution process.

Within its Cable TV and Internet access segment, the Company contributes with the protection of young vulnerable audiences, providing tools for parents to keep children from accessing sensitive or age inappropriate programming. This includes several parental control options in Cable TV service and equipment, in addition to guidance tips, awareness campaigns and tools for web access restrictions.

On the other side of the screen, children artistic participation in television and films also requires a responsible approach. The Company complies with all regulations and self-imposed guidelines by setting limited time schedules and engaging with parents and tutors.

### Excellence in journalism

Reaffirming its commitment to journalistic excellence, the Noble Foundation also carried out activities to consolidate the training and excellence of current and future communicators.

Among them is the support provided 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, and led by renowned national and international journalists and academics.

In this sense, the Company sponsored the achievements (both at the institutional level and through journalistic content) of the Graduate Course in Scientific, Medical and Environmental Communication. This program is organized by the University Pompeu Fabra in Barcelona, together with the Leloir Institute and the cable station Todo Noticias (TN).

Another highlight in this area was the launch during 2011 of the Graduate Program in Digital Journalism organized by the University Pompeu Fabra and TN.com.ar.



## OUR PEOPLE

Grupo Clarín's success and leadership is mostly the result of the efforts, talent, professionalism and creativity of its people.

It is no coincidence that Grupo Clarín's media companies are amongst the most preferred working places by communication professionals. The Company strives to offer better opportunities, incentives and tools to sustain and strengthen the firm commitment of the professionals that believe in Grupo Clarín's project.

### OUR PEOPLE





## Distribution of company employees by category

	2011	2010	2009	YoY
<b>Management</b>	<b>248</b>	280	246	(11.43%)
<b>Middle management</b>	<b>2,403</b>	2,132	2,075	12.71%
<b>Junior management, administration and commercial</b>	<b>2,513</b>	3,706	3,538	(32.19%)*
<b>Qualified technical personnel</b>	<b>6,988</b>	6,782	6,174	3.04%
<b>Journalists</b>	<b>1,357</b>	N/A*	N/A*	N/A*
<b>Others</b>	<b>3,691</b>	3,377	3,489	N/A*

The Company possesses a special make-up in terms of age and gender diversity among its employees. When it comes to gender, the higher proportion of male employees is significantly explained by the large number of technical personnel, which in Argentina is predominantly male, working in the printing facilities and in the Cable TV and Internet access segment. The gender composition in other companies of the Group is

balanced, especially regarding content related activities, such as journalism and audiovisual production, where the workforce is diverse.

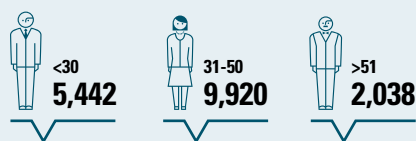
In 2011, employee turnover remained at 8%. This figure shows the number of employees that left the Company or its subsidiaries voluntarily or due to dismissal, retirement or death.

## Employees by sex 2011



	2010	2009	YoY
<b>Men</b>	12,698	11,554	5.33%
<b>Women</b>	3,579	3,968	6.87%

## Employees by groups of age 2011



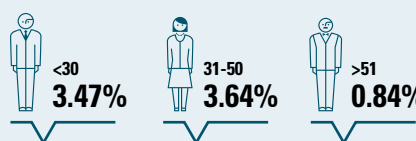
	2010	2009	YoY
<b>&lt;30</b>	4,875	4,350	11.63%
<b>31-50</b>	9,464	9,558	4.93%
<b>&gt;51</b>	1,938	1,614	5.16%

## Turnover by Sex and Age 2011

(As a percentage of total employees)



	2010	2009	YoY
<b>Men</b>	5.42%	5.33%	(0.10%)
<b>Women</b>	2.64%	2.44%	(0.01%)



	2010	2009	YoY
<b>&lt;30</b>	3.68%	3.43%	(0.21%)
<b>31-50</b>	3.50%	3.18%	0.14%
<b>&gt;51</b>	0.88%	1.16%	(0.04%)

\*Note: 2011 figures reflect a new employee category breakdown, identifying journalists as a specific part of the total workforce. Therefore, comparative analysis with previous years -that included a different breakdown- cannot be shown.



In addition to strictly abiding by the laws, the Company sets higher than standard conditions for its employees. Of Grupo Clarín's total workforce, more than 76% of employees are covered by collective agreements. For those who are not, the Company's policy is to apply the conditions established by the best existing agreement.

Taking care of the work environment and conditions, health and job safety and offering training to improve employees' professional skills and techniques are some of the actions aimed at consolidating the sense of integration and achievement of organizational goals. One of the key ways of obtaining feedback on the Company's performance is via the global staff survey, carried out every two years.

In 2011, the Company created and launched the in-house Volunteer Program of Grupo Clarín and its subsidiaries. Named "Vos también" (You Too), the program included the design and implementation of several actions to engage volunteers with the community. The program was implemented in 9 business units, including the corporate area, with impact on 12 provinces. According to its main indicators, volunteers dedicated 5,373 hours of work (3,354 during working hours), with a global engagement rate of 13.35%, representing 1,466 volunteers. Work was done in association with social organizations; 35 entities that have partnered the several initiatives that helped 1,656 people.

Through these initiatives, volunteers had an opportunity to help in a variety of areas, including building emergency homes, organizing employability workshops, collecting toys and food and organizing blood donation efforts, among others. The program had a high satisfaction level among participants:

97% of them stated that they would participate again.

Grupo Clarín has paid special attention to the multiple internal communication tools, such as the magazine *Nuestro Medio*, the Corporate Intranet with participation spaces and forums, the digital newsletter *Nuestro Resumen*, and the digital newsletters of the Corporate Training Program and the Company Climate Management Program, as well as internal communication spaces and notice boards. Year after year, Grupo Clarín increases its efforts to implement and streamline the information channels on benefit programs, policies and relevant organizational changes, and news concerning the daily development of activities.

## Benefits and career development

Although most benefits are common to the whole Company, each business unit integrates additional benefits that vary in nature according to tasks. Since the last quarter of 2007, the Company, together with its subsidiaries, began to implement a Long Term Savings Plan for directors and managers, which became effective in 2008.

During 2011, corporate and business units' human resources departments have continued to implement different programs to identify internal talent for career development. Also, Grupo Clarín's and Cablevision's Young Professionals Program was renewed, creating opportunities for professionals that are taking their first steps in their career paths.

In order to develop new skills and build up existing strengths, people need encouragement and support. In addition to increasing the number

and variety of training options, during 2011, the Company continued efforts to extend and enhance the employee performance appraisal program in different categories.

Grupo Clarín's employees and professionals can update and expand their knowledge and skills through several training programs, ranging from seminars and courses to graduate degrees and MBAs. Human Resources departments are in the process of consolidating individual training records and training hour's information

One of the main initiatives in this respect is the 'Corporate Training Program' which includes a wide variety of courses. A relevant aspect among current training options is that the Company pays special attention to training on new tools and technology developments, in order to properly prepare its workforce for the challenges the media sector is facing.

In addition, throughout the business units, there have been seminars and programs on quitting smoking, diseases, and other relevant topics, as well as special action campaigns regarding health and medical check-ups, with special focus on the preemptive measures against seasonal deceases. Also, the Group carries out several different activities designed to prevent job related accidents.

Grupo Clarín continued to explore alternatives of interaction or joint approach to common interest issues at the various levels of its value chain. Grupo Clarín focused on the implementation of systems and procedures aimed at the application of best practices for purchases, hiring, and contracting with suppliers, within a framework of supervision and transparency.



## ENVIRONMENT

It is widely recognized that the media industry has a lower impact than most other industrial processes. Within the framework of an environmental management policy aimed at improving eco-efficiency, the Company and its subsidiaries primarily consume energy, wood, newsprint, cable and water and generate waste.

During 2011, the Company continued to take steps towards the measurement, planning and improvement of manufacturing processes to optimize results and address possible impacts. Progress was made in achieving the period's goals by introducing sustainable methods to obtain and use resources; implementing policies for investment in equipment and raising awareness for the adequate use of technology.

The United Nations Global Compact, signed by Grupo Clarín in 2004, also sets principles regarding environmental protection. Businesses are asked to:

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**(Principle 7)**

support a precautionary approach to environmental challenges;

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**(Principle 8)**

undertake initiatives to promote greater environmental responsibility;

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**(Principle 9)**

and encourages the development and diffusion of environmentally friendly technologies.

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The present report reflects the global impact of the different subsidiaries where the Group has controlling or minority stakes, while indicating some specific effects with regards to the nature of the different business activities.



## Consumption. Wood, Newsprint and Energy

A company that publishes newspapers and magazines with an integrated structure achieves a comprehensive view of product's life cycles. Through its subsidiaries and related companies, Grupo Clarín participates in the production of newsprint, which is then used as a raw material by some of its subsidiaries. Printed products can subsequently be recovered and reused via recycling processes to generate more newsprint.

The principal raw materials for the production of newsprint are fresh fiber from round wood and recovered paper.

In 2011, Papel Prensa, the paper mill in which Grupo Clarín owns a minority stake, consumed 340.076 tons of fresh fiber and 13.725 tons of recovered paper. The figure for recovered paper was significantly increased in over 55% in relation to the amount reported in 2010. The type of fiber source (Poplar, and Willow) depends upon the availability of materials, as well as economic considerations such as the minimization of transport distances and costs, which is a relevant economic and environmental consideration.

Nevertheless, it is important to mention that fresh fiber comes entirely from sustainable plantations. This means that no native forests are involved or endangered. This is combined with continuing research on Salicaceae, related to their genetic improvement and also to ecologic and silvicultural aspects, done by means of agreements made with universities, research centers and experts, with the objective of increasing productivity, reducing costs and assuring the sustainability of the ecosystem.

The forestry division undertakes its activities with a sustainability strategy that involves the protection of biodiversity. Protected forestry areas



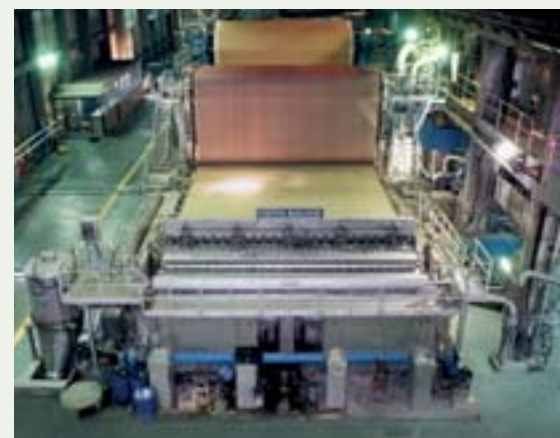
	2011	2010	2009	YoY
<b>Paper</b>	<b>112,290 Tn</b>	111,656 Tn	112,400 Tn	0.57%
<b>Ink</b>	<b>2,735 Tn</b>	2,412 Tn	2,335 Tn	13.39%
<b>Aluminum plates</b>	<b>236 Tn</b>	272 Tn	233 Tn	(13.24%)

and the banning of hunting activities have led to a sustained increase in bird fauna. These conditions allows for the development of several R&D programs, also in collaboration with universities, which include the introduction, protection and reproduction of certain endangered deer species for their proper and secure development.

Most of the other Company activities are undertaken in urban areas with no relation to natural areas, and complying with urban planning standards in force.

At the printing plants, paper and ink constitute the main material consumed. Most of the newsprint supply comes from Papel Prensa. The Company also follows established guidelines to ensure the provision of other materials, such as inks and other specific inputs, at quality levels compatible with international standards. In terms of types of inks used, although different printed products require different resources, as an example, the main printing plant usage of vegetable oil based coldset ink reaches almost 60%. Vegetable oil

based coldset is environmentally friendlier than other types of ink and allows reducing ink usage by approximately 10% or 15%. This can also be achieved by printing techniques; at the Company's printing sites the stochastic printing style introduced in 2008 continues to be applied as a way of optimizing ink usage.



Direct and Indirect energy consumption by primary source:

	2011	2010	2009	YoY
<b>Electricity</b>	<b>431,326 MWh</b>	419,563 MWh	442,670 MWh	2.80%
<b>Natural Gas</b>	<b>25,825,636 m³</b>	29,898,426 m³	33,688,892 m³	(13.62%)
<b>Gasoline</b>	<b>29,399 GJ</b>	24,676 GJ	20,550 GJ	19,14%
<b>Fuel Oil</b>	<b>159,091 GJ</b>	172,219 GJ	84,593 GJ	(7,62%)
<b>Gasoil</b>	<b>64,509 GJ</b>	76,043 GJ	72,387 GJ	(15,17%)
<b>LP Gas</b>	<b>2,449 GJ</b>	2563 GJ	2,887 GJ	(4,45%)

Company qualified teams continuously strive to reduce consumption by identifying and adopting increasingly eco-efficient processes. During this period, the paper consumption increased partially due to higher circulation figures related to new products. The introduction of adjustments on the dimensions of newspapers made in previous years continues to show its benefits in the use of paper and other materials.

The percentage of polybagging in the Company's newspapers and magazines continues to be of minor significance, although the use of polypropylene in some parts of the dispatching process is regularly assessed.

The primary resource used by Grupo Clarín and its subsidiaries is energy. Grupo Clarín's consumption comes from both direct and indirect sources; the indirect consumption comes from electricity taken from the grid.

Energy consumption is significant in the paper related and printing activities and, to a lesser extent, in the business units which operate with technology, such as cable television and Internet services, broadcasting, etc. In this area, some initiatives developed by Artear include the introduction of cold lighting in all new and renovated television studios, in order to obtain 5 times less than the regular consumption. During this period, the company continued to invest in equipment -manufactured within environmentally friendly parameters- in order to meet the needs of the generation and distribution of content in High Definition. Also, in addition to reaching the goal of replacing 100% of Artear's live unit vehicles for low consumption vehicles, thus considerably reducing emissions, this business unit focused on a multiple stage scheme to replace other lighting materials.





## Emissions and discharges

In terms of emissions, the main contributors to the Company's carbon footprint are print sites and the paper mill. Nevertheless, Grupo Clarín's indicators include other emissions such as those arising from transport and the daily use of its facilities. The Company is constantly exploring alternatives to improve processes and efficiency in these areas, and to continue to enhance the analysis and inventory of CO<sub>2</sub> emissions generated by Grupo Clarín's activities.

Indirect emissions arising from electricity usage can only be calculated based on Argentina's energy matrix.

The primary strategies available to reduce greenhouse gas emissions are reducing the consumption or changing the energy sources. Increased use of renewable forms of fuel and bioenergy is a positive strategy. During 2009, Papel Prensa

purchased a bark boiler allowing the Company to set a goal of making additional savings in GHG emissions, while better managing waste.

Each Grupo Clarín subsidiary and related company identifies and manages waste production and disposal. In 2011, this management included the recycling of 13,725 tons of recuperated paper and cardboard, 14.9 tons of ink and the reuse of nearly 235 thousand cable modem units.

Contrary to the production of white paper, the newsprint manufacturing process does not involve the use of chlorine for bleaching. This results in a significantly lower chemical impact.

As part of the treatment of industrial waste from the printing process, the Company collects and separates other waste materials (ink, oils, greases and solvents), which are shipped to certified third

parties for recycling and reuse. Aluminum plates used in printing can be 100% reused.

Hazardous waste is carefully handled and handed over to authorized waste management companies. During 2011 the Company reduced the amount of this type of waste by nearly 21%.

Special care is also maintained regarding the handling of liquid effluents resulting from development processes, subjecting them to rigorous treatments and measurements before disposal. The main water usage, recycling and discharges are related to the paper mill. Since the beginning of its operations in 1978, Papel Prensa's investments have allowed it to reduce its water usage in more than 40%. Strict procedures are set in place to permanently assess and manage the quality of discharges. Routine testing validates compliance with nationwide regulation in terms of toxicity of the discharges.

In addition, Grupo Clarín continued to increase the contribution to the Garrahan Foundation through an office paper recycling program. This was combined with programs for reducing the use of paper in Company offices while seeking to optimize printing techniques, and renewed efforts to raise employee awareness regarding sustainability issues.

	2011	2010	2009	YoY
<b>CO<sub>2</sub> direct emissions</b>	<b>70,090 Tn</b>	79,954 Tn	79,866 Tn	(12.34%)
<b>Urban or non-hazardous waste</b>	<b>70,090 Tn</b>	79,954 Tn	79,866 Tn	(12.34%)
<b>Hazardous waste</b>	<b>492.3 Tn</b>	622 Tn	619 Tn	(20.85%)

As an Argentine multimedia company, Grupo Clarín is exposed to a wide range of risks, related to the country and also to its operations. Nevertheless, one of the Company's strengths lies in its strategic diversification to help spread possible risks.

The Company relies on strong internal control and risk management systems. The identification of risk and its assessment is part of each unit's business plans, and is also addressed by a corporate based control department and by the Board on a regular basis.

### Argentina's economic environment

Substantially all of our operations are conducted in Argentina, and are therefore affected by changes in Argentina's economic environment. After six years of sustained economic growth, the Argentine economy slowed down in the second half of 2008 and throughout 2009, affected by the international crisis as well as internal political developments. Although the trend was later again reversed, Argentina's growth may not be sustainable in the future. Sustainable economic growth depends on a variety of factors, including international demand for Argentine commodities, stability and competitiveness of the Peso against foreign currencies, confidence of consumers and local and foreign investors and a low rate of inflation. A downturn in economic activity is likely to result in increased subscriber churn as well as decreased advertising revenues.

We seek to address the cycles affecting the Argentine economy by diversifying the scope of our business and managing our foreign currency liabilities.

### Political and Economic Uncertainties

Our financial condition and results of operations depend to a significant extent on macroeconomic and political conditions prevailing in Argentina. The Argentine government's actions impacting the economy, including those in connection with inflation, interest rates, price control, exchange control and taxes, have affected and could

continue to affect Argentine companies like ours.

Inflation, which stood at 9.5% for 2011 (INDEC information, although private estimates of inflation rates largely exceed those published by the INDEC) may continue to rise. A recent rise in public expenditure could further accelerate inflation, as could an adjustment of public service and utility rates. This may affect adversely the Argentine long-term credit markets as well as the Argentine economy generally. A contraction of the economy would also adversely affect our financial condition and results of operations.

The country's economy may be adversely and lengthily affected by economic developments in other markets. Furthermore, to date Argentina's ability to obtain financing from international markets remains limited.

Certain of our costs, including a significant portion of our financial expenses, are dollar denominated. Currency fluctuations, such as a considerable devaluation of the Peso against the U.S. dollar are likely to affect adversely the Argentine economy and will impact negatively on our financial condition.

### Legislation and Regulation

In October 2009, the Argentine Congress passed a new Audiovisual Communication Services Law that is intended to replace the general legal framework under which the audiovisual media industry operated in Argentina for practically three decades. The new Audiovisual Communication Services Law has been challenged by us and other parties in interest on several grounds, including its encroachment upon constitutional rights, the broad and discretionary powers over media and content granted to the Executive Branch, for favoring state-owned and sponsored media and affecting the sustainability of privately-owned media, promoting the elimination of independent signals and enabling a pervasive and questionable censorship system anchored upon the discretionary power to grant licenses and the application of penalties, among other controversial aspects. Since its enactment in October, 2009, several court

rulings have been issued enjoining the application of the statute in its entirety in certain cases, or of certain of its provisions, in other cases. Some of these rulings have been reversed by the Supreme Court of Argentina and a court of appeals, but injunctions that suspend specific sections of the law are still in effect.

If ultimately upheld by the judiciary, the application of the new legal and regulatory environment to our cable television, telecommunications and Internet and digital content operations may be disadvantageous to us, and will affect the manner in which we operate our business. Failure or delay in renewing our licenses or obtaining regulatory approvals may also influence the availability of our services to our customers.

In addition, since 2009 the Argentine government took measures intended to rescind the authorization granted unanimously by the National Antitrust Commission in 2007 to the purchase by the Company and Fintech of shares representing Cablevision's capital stock, and Cablevision's purchase of interests in certain of our subsidiaries. The Argentine government has also taken measures to revoke the license under which Cablevision's renders internet services, and to set the price of its pay-television service according to a pricing formula, among others. Such measures, which we have challenged judicially, if upheld would materially adversely affect our business. We have obtained preliminary injunctions that have enjoined the government action, and will continue to make every effort to defend ourselves by taking all actions necessary to safeguard our rights. However, we cannot assure that such efforts ultimately will prove successful.

In Argentina, the legal system, including the Constitution, shields journalistic activities from regulation with the purpose of protecting the independence of the free press. As a media company, we are vigilant as to the menaces that might arise in this respect and widely cooperate with journalistic associations and other NGOs that advocate for the protection of fundamental constitutional rights such as freedom of speech and freedom of the press.

## ▼ BUSINESS PROJECTIONS AND PLANNING

### Sector Development and Competition

The media industry is dynamic and undergoing 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 we are not able to adapt readily our operations. Also some of our activities cater to maturing markets.

While our analysis may not always be accurate, 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.

### Programming and Personnel

We may not be able to renew our rights to certain programming and our results of operations may be adversely affected by the loss of key personnel. In addition, under the new Audiovisual Communication Services Law we may be forced to divest or cease to broadcast certain signals.

The production of content is part of our strategy and we dedicate significant resources to the identification of market trends and new figures and matters of public interest, to preserve the position of leadership we have acquired in the market.

### Liquidity and Funding

We have financial debt outstanding, a significant portion of which is denominated in foreign currency. Financial markets remain practically closed for Argentine companies, and we must rely primarily on our cash flow generation to service our debt.

We have engaged in an active liability management policy, and improved our debt to free cashflow ratio to limit our need to access the market as a means of repayment of our financial obligations.

In the forthcoming years and as part of Argentina's challenge to achieve growth, Grupo Clarín seeks to maintain and consolidate its presence in the local market, both in the production and in the distribution of content.

Grupo Clarín's business units, along with the development of its core activities, will continue to work in order 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.

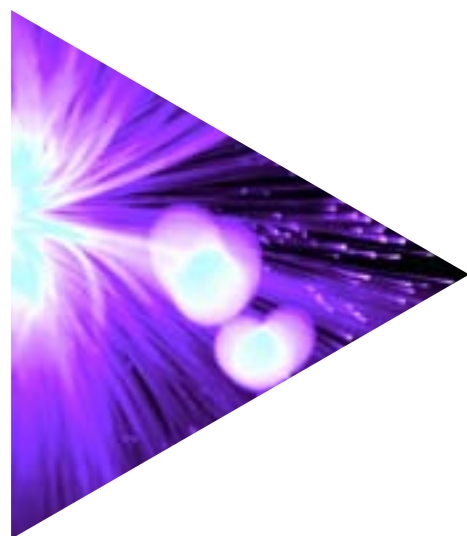
Grupo Clarín will continue to focus on further optimizing the productivity and efficiency levels in all of its areas and companies, seeking to develop and apply the best practices related to each of these processes.

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 will continue to strengthen its consolidated commitment to traditional media, with a growing focus on the area of digital media and connectivity. To such end, the Company will leverage its strong presence in distribution networks, brand strength and, fundamentally, its broad experience in the production of content, recognized by the Spanish-speaking market for its quality, credibility and prestige.

In the hostile environment created by the current government towards the media, Grupo Clarín ratifies its determination to bring the necessary legal and administrative actions to safeguard its rights and those of its shareholders, while reinforcing once again its commitment towards its readers, audiences and the country. In its daily work, Grupo Clarín undertakes to assume with strength and responsibility the role the media are called to play through independent journalism and through the defense and promotion of universal and fundamental rights, such as freedom of speech, since these are pillars that extol the quality of democracy and the welfare of the Argentine society as a whole.



Assets	
Current assets	
Cash and cash equivalents	1,071,201,294
Accounts receivable	3,725,204,439
Prepaid expenses and other receivables	71,685,251,968
Inventory	1,234,483,942
Other current assets	5,914,792,214
Non-current assets	
Property, plant and equipment	18,626,318,100
Intangible assets	7,171,250,000
Financial assets	1,000,000,000
Other non-current assets	214,242,000
Liabilities	
Current liabilities	
Accounts payable	1,427,326,168
Short-term debt	(34,763,264)
Other current liabilities	(26,654,909)
Non-current liabilities	
Long-term debt	(427,326,168)
Other non-current liabilities	(34,763,264)
Equity	
Shareholders' equity	538,118,880
Reserves	
Retained earnings	1,000,000,000
Other reserves	4,074,829
Total equity	1,004,074,829
Total liabilities and equity	1,238,093,817

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Non-current liabilities	
Long-term debt	(427,326,168)
Other non-current liabilities	(34,763,264)
Equity	
Shareholders' equity	538,118,880
Reserves	
Retained earnings	1,000,000,000
Other reserves	4,074,829
Total equity	1,004,074,829
Total liabilities and equity	1,238,093,817

Signed for identification purposes  
with the report dated March 09, 2012  
Piero Wasthauer, Sr. Fiscal  
Director General - Fiscal '12

*Dr. Carlos A. Pico*  
Dr. Carlos A. Pico (Partner)  
Certified Public Accountant (U.S.A.)  
CALLE CARA IV. 150 - TOR. 106

*Héctor Horacio Magrieto*  
Héctor Horacio Magrieto  
Chairman

FINANCIAL STATEMENTS AS OF  
DECEMBER 31, 2011



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## Glossary of Selected Terms

Annual Report and Financial Statements as of December 31, 2011 and for fiscal year No. 13 Beginning January 1, 2011 Presented on a comparative basis

<b>AFA</b> Asociación del Fútbol Argentino (Argentine Football Association)	<b>Grupo Carburando</b> Carburando S.A.P.I.C.A.F.I., Mundo Show S.A. and Mundo Show TV S.A.
<b>AFIP</b> Administración Federal de Ingresos Públicos (Argentine Federal Revenue Service)	<b>Grupo Clarín, or the Company</b> Grupo Clarín S.A.
<b>AFSCA</b> Autoridad Federal de Servicios de Comunicación Audiovisual (Audiovisual Communication Services Law Federal Enforcement Authority)	<b>Grupo Radio Noticias</b> Grupo Radio Noticias S.R.L.
<b>AGEA</b> Arte Gráfico Editorial Argentino S.A.	<b>Holding Teledigital</b> Holding Teledigital Cable S.A.
<b>AGR</b> Artes Gráficas Rioplatense S.A.	<b>IASB</b> International Accounting Standards Board
<b>ANA</b> Administración Nacional de Aduanas (National Customs Administration)	<b>Ideas del Sur</b> Ideas del Sur S.A.
<b>APE</b> Acuerdo preventivo extrajudicial (pre-packaged insolvency plan)	<b>IESA</b> Inversora de Eventos S.A.
<b>ARTEAR</b> Arte Radiotelevisivo Argentino S.A.	<b>IFRS</b> International Financial Reporting Standards
<b>Auto Sports</b> Auto Sports S.A.	<b>IGJ</b> Inspección General de Justicia (Argentine Superintendency of Legal Entities)
<b>Bariloche TV</b> Bariloche TV S.A.	<b>Impripost</b> Impripost Tecnologías S.A.
<b>BCBA</b> Bolsa de Comercio de Buenos Aires (Buenos Aires Stock Exchange)	<b>VAT</b> Value Added Tax
<b>Cablevisión</b> Cablevisión S.A.	<b>JPM</b> JP Morgan Chase Bank, N.A.
<b>Canal Rural</b> Canal Rural Satelital S.A.	<b>La Razón Editorial</b> La Razón S.A.
<b>CER</b> Coeficiente de Estabilización de Referencia (Reference Stabilization Coefficient, a consumer price inflation coefficient)	<b>La Capital Cable</b> La Capital Cable S.A.
<b>CIMECO</b> Compañía Inversora en Medios de Comunicación (CIMECO) S.A.	<b>Antitrust Law</b> Law No. 25,156, as amended
<b>Clarín Global</b> Clarín Global S.A.	<b>Broadcasting Law</b> Law No. 22,285 and its regulations
<b>CLC</b> Compañía Latinoamericana de Cable S.A.	<b>Audiovisual Communication Services Law</b> Law No. 26,522 and its regulations
<b>CMD</b> Compañía de Medios Digitales S.A. (former PRIMA Internacional)	<b>LSE</b> London Stock Exchange
<b>CMI</b> Comercializadora de Medios del Interior S.A.	<b>Multicanal</b> Multicanal S.A.
<b>CNDC</b> Comisión Nacional de Defensa de la Competencia (National Antitrust Commission)	<b>NCP ARG</b> Professional accounting standards effective in Argentina
<b>CNV</b> Comisión Nacional de Valores (Argentine Securities Commission)	<b>OSA</b> Oportunidades S.A.
<b>CPCECABA</b> Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Professional Council in Economic Sciences of the City of Buenos Aires)	<b>PALP</b> Long-Term Savings Plan
<b>COMFER</b> Comité Federal de Radiodifusión (Federal Broadcasting Committee)	<b>Papel Prensa</b> Papel Prensa S.A.I.C.F. y de M.
<b>CUSPIDE</b> Cúspide Libros S.A.	<b>Patagonik</b> Patagonik Film Group S.A.
<b>CVB</b> CV B Holding S.A.	<b>Pol-Ka</b> Pol-Ka Producciones S.A.
<b>Dinero Mail</b> Dinero Mail LLC	<b>PRIMA</b> Primera Red Interactiva de Medios Argentinos (PRIMA) S.A.
<b>Editorial Atlántida</b> Editorial Atlántida S.A.	<b>PRIMA</b> Internacional Primera Red Interactiva de Medios Americanos (PRIMA) Internacional S.A. (now CMD)
<b>FACPCE</b> Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Professional Councils in Economic Sciences)	<b>Radio Mitre</b> Radio Mitre S.A.
<b>FADRA</b> Fundación de Automovilismo Deportivo de la República Argentina (Argentine Motor Racing Foundation)	<b>Raven</b> Raven Media Investments, LLC
<b>Fintech</b> Fintech Advisory, Inc. together with its affiliates	<b>SCI or SECI</b> (after 12/7/2011) Secretaría de Comercio Interior (Secretariat of Domestic Trade)
<b>GCGC</b> GC Gestión Compartida S.A.	<b>SECOM</b> Secretaría de Comunicaciones (Argentine Secretariat of Communications)
<b>GCSA Investments</b> GCSA Investments, LLC	<b>SHOSA</b> Southtel Holdings S.A.
<b>GC Minor</b> GC Minor S.A.	<b>SMC</b> Secretaría de Medios de Comunicación (Media Secretariat)
<b>GC Services</b> Grupo Clarín Services, LLC	<b>Supercanal</b> Supercanal Holding S.A.
<b>GDS</b> Global Depositary Shares	<b>TATC</b> Tres Arroyos Televisora Color S.A.
	<b>Telba</b> Teledifusora Bahiense S.A.
	<b>Telecor</b> Telecor S.A.C.I.
	<b>Teledigital</b> Teledigital Cable S.A.
	<b>TFN</b> Tribunal Fiscal de la Nación (National Tax Court)
	<b>Tinta Fresca</b> Tinta Fresca Ediciones S.A.
	<b>TPO</b> Televisora Privada del Oeste S.A.
	<b>TRISA</b> Tele Red Imagen S.A.
	<b>TSC</b> Televisión Satelital Codificada S.A.
	<b>TSMA</b> Teledifusora San Miguel Arcángel S.A.
	<b>UNIR</b> Unir S.A.
	<b>Vistone</b> Vistone S.A.
	<b>VLG</b> VLG Argentina, LLC



## Grupo Clarín S.A.

Financial Statements  
as of December 31, 2011 and

### For fiscal year No. 13

Beginning January 1, 2011

Presented on a comparative basis.  
In Argentine Pesos (Ps.) - Note 2.1 to the parent  
company only financial statements

Registered office:  
Piedras 1743,  
Buenos Aires, Argentina

Main corporate business:  
Investing and financing

Date of incorporation:  
July 16, 1999

Date of registration with the  
Public Registry of Commerce:  
- Of the by-laws: August 30, 1999  
- Of the latest amendment: October 10, 2007

Registration number with the IGJ:  
1,669,733

Expiration of articles of incorporation:  
August 29, 2098

Information on Parent company:  
Name: GC Dominio S.A.

Registered office:  
Piedras 1743, Buenos Aires

Information on subsidiaries in Exhibit C

### Capital structure (See Note 11 to the parent company only financial statements)

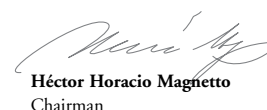
Type	Number of votes per share	Capital Subscribed, registered and paid-in
Class "A" Common shares, Ps.1 par value	5	75,980,304
Class "B" Common shares, Ps.1 par value	1	186,281,411
Class "C" Common shares, Ps.1 par value	1	25,156,869
<b>Total as of December 31, 2011</b>		<b>287,418,584</b>
<b>Total as of December 31, 2010</b>		<b>287,418,584</b>



**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

Signed for identification purposes  
with the report dated March 09, 2012  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (U.B.A.)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106



**Héctor Horacio Magnetto**  
Chairman

## Consolidated Balance Sheets

As of December 31, 2011 and  
2010 In Argentine Pesos (Ps.) -  
Note 2.1 to the parent company  
only financial statements

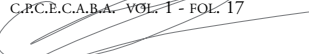
<b>Assets</b>	December 31, 2011	December 31, 2010
<b>Current assets</b>		
Cash and banks	653,138,802	363,449,825
Short-term investments - Note 2.a	258,220,644	277,247,561
Trade receivables, net - Note 2.b	1,295,795,530	1,015,996,822
Other receivables, net - Note 2.c	322,006,588	248,497,309
Inventories - Note 2.d	437,851,738	289,139,219
Other assets	16,647,171	85,541,681
<b>Total current assets</b>	<b>2,983,660,473</b>	<b>2,279,872,417</b>
<b>Non-current assets</b>		
Trade receivables, net - Note 2.b	122,595,188	1,404,343
Other receivables, net - Note 2.c	149,274,711	90,789,315
Inventories - Note 2.d	16,964,960	30,047,212
Investment in unconsolidated affiliates - Note 2.e	267,531,382	240,326,069
Other investments	1,049,798	1,117,346
Property, plant and equipment, net - Note 2.f	3,710,550,032	2,827,844,624
Intangible assets, net - Note 2.g	629,761,902	719,512,758
Other assets	12,660,842	13,098,995
Subtotal	4,910,388,815	3,924,140,662
Goodwill - Note 2.h	2,791,308,680	2,731,985,120
<b>Total non-current assets</b>	<b>7,701,697,495</b>	<b>6,656,125,782</b>
<b>Total assets</b>	<b>10,685,357,968</b>	<b>8,935,998,199</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - Note 2.i	1,240,435,798	844,165,448
Long-term debt - Note 2.j	445,961,492	264,268,493
Salaries and Social Security payable	516,901,841	389,830,493
Taxes payable	300,844,635	475,316,163
Sellers financing	9,004,254	3,796,354
Other liabilities - Note 2.k	106,114,382	93,806,786
<b>Total current liabilities</b>	<b>2,619,262,402</b>	<b>2,071,183,737</b>
<b>Non-current liabilities</b>		
Accounts payable - Note 2.i	16,450,399	20,781,453
Long-term debt - Note 2.j	2,762,018,386	2,129,893,236
Salaries and Social Security payable	2,428,190	233,346
Taxes payable	79,277,220	88,063,896
Sellers financing	816,854	1,127,017
Other liabilities - Note 2.k	243,800,109	266,000,933
Provisions - Exhibit E Consolidated	188,698,684	155,378,087
<b>Total non-current liabilities</b>	<b>3,293,489,842</b>	<b>2,661,477,968</b>
<b>Total liabilities</b>	<b>5,912,752,244</b>	<b>4,732,661,705</b>
<b>Minority interest</b>	<b>1,037,401,294</b>	<b>918,479,254</b>
<b>Shareholders' equity</b>	<b>3,735,204,430</b>	<b>3,284,857,240</b>
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>10,685,357,968</b>	<b>8,935,998,199</b>

The accompanying Notes 1 to 14 and Exhibits E, F and H  
are an integral part of these financial statements.



**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

Signed for identification purposes  
with the report dated March 09, 2012  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17



**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (U.B.A.)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106



**Héctor Horacio Magnetto**  
Chairman

## Consolidated Statements of Income

For the years ended  
December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1 to the parent company  
only financial statements

	December 31, 2011	December 31, 2010
Net sales	9,752,546,964	7,632,019,424
Cost of sales (excluding depreciation and amortization) - Exhibit F Consolidated	(4,872,490,542)	(3,597,104,686)
Subtotal	4,880,056,422	4,034,914,738
Expenses (excluding depreciation and amortization)		
- Selling expenses - Exhibit H Consolidated	(1,086,286,607)	(761,561,527)
- Administrative expenses - Exhibit H Consolidated	(1,195,118,551)	(921,514,422)
Expenses subtotal	(2,281,405,158)	(1,683,075,949)
Depreciation of property, plant and equipment <sup>(1)</sup> and other investments	(636,941,903)	(488,754,341)
Amortization of intangible assets, goodwill and other assets	(149,580,881)	(130,430,142)
Depreciation and amortization subtotal	(786,522,784)	(619,184,483)
Financing and holding results		
Generated by assets		
- Interest	23,943,933	18,985,855
- Other taxes and expenses	(140,409,846)	(99,279,949)
- Impairment of inventories and materials	(6,906,490)	(4,599,561)
- Goodwill impairment	(12,053,573)	-
- Exchange differences	33,370,686	10,932,073
- Holding gains on inventories	20,677,069	31,815,706
- Holding gains on derivatives	2,300,051	7,180,473
- Effect of financial discounts on assets and other	(11,163,322)	(4,388,840)
Generated by liabilities		
- Interest	(291,872,949)	(221,946,815)
- Exchange differences	(224,763,004)	(128,498,387)
- Effect of financial discounts on liabilities	(11,291,313)	(27,579,101)
- CER restatement	(2,973,143)	(1,640,232)
- Financial debt refinancing result Note 5.1	41,021,843	-
- Holding losses on derivatives	(8,244,000)	(449,600)
- Other	(4,485,704)	(846,454)
Equity in earnings from unconsolidated affiliates, net	16,664,596	4,070,623
Other income (expense), net	7,723,938	(7,501,030)
Income before income tax, tax on assets and minority interest	1,243,667,252	1,308,909,067
Income tax and Tax on assets - Note 13	(454,235,423)	(493,432,154)
Minority interest	(267,152,452)	(277,360,033)
<b>Net income for the year</b>	<b>522,279,377</b>	<b>538,116,880</b>
(1) Chargeable to:		
Cost of sales	(562,078,605)	(427,336,168)
Selling expenses	(43,197,264)	(34,763,264)
Administrative expenses	(31,666,034)	(26,654,909)

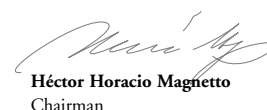
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**Héctor Horacio Magnetto**  
Chairman

## Consolidated Statements of Cash Flows

For the years ended  
December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1 to the parent company  
only financial statements


	December 31, 2011	December 31, 2010
<b>Cash provided by operating activities</b>		
Net income for the year	522,279,377	538,116,880
Income tax and tax on assets	454,235,423	493,432,154
Accrued interest, net	267,929,016	202,960,960
Adjustments to reconcile net income for the year to cash provided by operating activities:		
- Depreciation of property, plant and equipment and other investments	636,941,903	488,754,341
- Amortization of intangible assets, goodwill and other assets	149,580,881	130,430,142
- Allowance for doubtful accounts	42,375,748	10,696,072
- Provision for contingencies	51,505,339	57,654,729
- Allowance for impairment of inventories and obsolescence of materials	6,906,490	4,599,561
- Exchange difference and other financial results	200,223,903	138,442,066
- Goodwill impairment	12,053,573	-
- Equity in earnings from unconsolidated affiliates, net	(16,664,596)	(4,070,623)
- Minority interest	267,152,452	277,360,033
- Holding losses (gains) on derivatives	5,943,949	(6,730,873)
- Holding gains on inventories	(20,677,069)	(31,815,706)
- Disposal of long-term investments	(6,657,315)	-
- Results on sale of property, plant and equipment	(10,194,877)	436,043
- Financial debt refinancing result	(41,021,843)	-
Changes in assets and liabilities:		
- Trade receivables	(433,369,755)	(225,577,715)
- Other receivables	(95,740,021)	35,275,063
- Inventories	(116,706,457)	(46,417,418)
- Other assets	(1,757,033)	(2,158,852)
- Accounts payable	351,925,214	184,108,066
- Salaries and Social Security payable	128,550,165	77,254,422
- Taxes payable	(59,692,583)	(153,739,486)
- Other liabilities	(37,264,820)	34,518,420
- Provisions	(23,712,463)	(23,300,167)
Income tax and tax on assets payments	(622,533,817)	(383,772,880)
<b>Cash provided by operating activities</b>	<b>1,611,610,784</b>	<b>1,796,455,232</b>

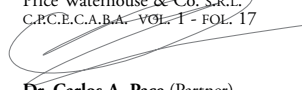
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	December 31, 2011	December 31, 2010
<b>Cash used in investment activities</b>		
Acquisition of property, plant and equipment, net	(1,511,208,974)	(967,902,557)
Acquisition of intangible assets	(57,140,766)	(27,237,361)
Capital contributions and acquisition of subsidiaries	(20,320,921)	-
Proceeds from sale of property, plant and equipment	16,091,223	47,682
Proceeds from the disposal of long-term investments	14,470,615	-
Certificates of deposit	(10,000,000)	-
Collection of loans	-	3,828,681
Collection of dividends	1,547,203	9,759,412
<b>Cash used in investment activities</b>	<b>(1,566,561,620)</b>	<b>(981,504,143)</b>
<b>Cash provided by (used in) financing activities</b>		
Loans obtained	862,002,493	85,140,154
Repayment of loans and issue expenses	(211,624,357)	(164,234,302)
Payment of interest	(207,303,452)	(52,259,818)
Collections (payments) of derivatives, net	41,790,297	(6,038,542)
Payment of sellers financing	(748,725)	(120,701,718)
Transfer (setup) of Reserve account / Escrow funds	5,652,799	(296,920,195)
Payment of dividends	(120,000,000)	-
Payments to minority shareholders, net	(185,354,774)	(71,856,228)
<b>Cash provided by (used in) financing activities</b>	<b>184,414,281</b>	<b>(626,870,649)</b>
<b>Financing and holding results generated by cash and cash equivalents</b>	<b>41,708,769</b>	<b>24,840,777</b>
Net Increase in cash flow	271,172,214	212,921,217
Cash and cash equivalents at the beginning of the year	629,423,258	459,135,441
Effect of decrease in cash due to deconsolidation of companies	-	(42,633,400)
<b>Cash and cash equivalents at the end of the year <sup>(1)</sup></b>	<b>900,595,472</b>	<b>629,423,258</b>
(1) Includes:		
Cash and banks	653,138,802	363,449,825
Investments with maturities of less than three months	247,456,670	265,973,433

The accompanying Notes 1 to 14 and Exhibits E, F and H are an integral part of these financial statements.

  
**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

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**Héctor Horacio Magnetto**  
Chairman

## Notes to the Consolidated Financial Statements

As of December 31, 2011 and 2010

In Argentine Pesos (Ps.) - Note 2.1 to the parent company only financial statements, unless otherwise specifically indicated

### Note 1

#### Basis for the preparation and presentation of the consolidated financial statements

The consolidated financial statements of Grupo Clarín S.A. have been prepared in all relevant aspects in accordance with FACPCE Technical Resolution No. 21, incorporating all companies

in which the Company has, directly or indirectly, a controlling interest.

Below is a detail of the most relevant subsidiaries consolidated under the line-by-line consolidation method, together with the direct and indirect interest the Company holds in the capital stock and votes of each subsidiary, as of each date indicated below:

	December 31, 2011	December 31, 2010
Cablevisión <sup>(1)</sup>	59.9%	59.9%
PRIMA	59.9%	59.9%
AGEA	100.0%	100.0%
AGR	100.0%	100.0%
CIMECO	100.0%	100.0%
ARTEAR <sup>(2)</sup>	99.2%	99.2%
Pol-Ka	55.0%	55.0%
IESA	100.0%	100.0%
Radio Mitre	100.0%	100.0%
GCGC	100.0%	100.0%
CMD	100.0%	100.0%
GC Services	100.0%	100.0%
GCSA Investments	100.0%	100.0%

(1) Includes Multicanal and Teledigital, which were merged into Cablevisión effective as of October 1, 2008 (see Note 8.2.c).

(2) % in votes amounts to 99.7%.

Furthermore, the subsidiaries where Grupo Clarín exercises common control (either directly or indirectly) have been consolidated under the proportional consolidation method. Below is a

detail of the most relevant subsidiaries consolidated under the proportional method and the indirect interest the Company holds in each subsidiary, as of each date indicated below:

	December 31, 2011	December 31, 2010
TRISA	50.0%	50.0%
TSC	50.0%	50.0%
Ideas del Sur	30.0%	30.0%
Papel Prensa <sup>(3)</sup>	-	-

(3) An indirect subsidiary under common control consolidated under the proportional method until March 31, 2010.

Finally, the Company accounts for its equity interests in companies where it exerts significant influence by applying the equity method.

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

As a result of the situation described in Note 8.7.a), among other things, as of the date of these financial statements Papel Prensa has not issued its annual financial statements as of December 31, 2011. To calculate the equity value of its investment in Papel Prensa, the Company has relied on the latest financial statements as of September 30, 2011 approved by Papel Prensa's Board of Directors and on AGEA's estimate of the October-December 2011 results. However, the Company considers that any deviation between its estimates and the financial statements as of December 31, 2011 ultimately approved by Papel Prensa's Board of Directors will not have a material effect on these financial statements.

Additionally, the information included in Note 1.2 to these financial statements is based on AGEA's estimate of the adjustments concerning Papel Prensa derived from the application of IFRS as of December 31, 2011.

#### **1.1. Summary of critical accounting policies**

The following is a description of the most critical accounting policies applied in the preparation of the consolidated financial statements in addition to those discussed in Note 2.2 to the parent company only financial statements.

##### **a. Trade receivables**

Trade receivables have been valued at each year-end at the discounted value of cash flows to be generated. In the cases where such measurement does not materially differ from the nominal value, such receivables have been valued at the nominal value of the corresponding transaction. Furthermore, an allowance has been set up for doubtful accounts, where applicable, considered to be sufficient to absorb future losses from uncollectible receivables.

##### **b. Inventories**

Inventories have been valued at replacement cost or latest production cost under regular purchasing or production conditions, as applicable. Their book value does not exceed their estimated recoverable value.

The criterion followed to expense these 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 expiry 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 expiry of exhibition rights.

Film rights acquired in perpetuity for broadcasting by the Volver channel 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:

In-house production programs and co-productions cost 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. Advances for the purchase of inventories have been valued as per the amounts disbursed, at the exchange rate prevailing at the end of the period, if appropriate. The values thus obtained

do not exceed their respective recoverable values estimated at the end of the year.

c. Other assets

Deferred charges have been valued at the amounts actually disbursed.

As of December 31, 2010, investments denominated in foreign currency subject to restrictions on disposition under financial covenants have been valued at face value plus interest accrued thereon, at the exchange rate prevailing as of the end of the that year.

The other assets included in this item have been valued at acquisition cost, except for those assets with an agreed-upon sale price fixed under a contract, which have been valued at net realizable value.

Where applicable, the value of improvements has been added, net of the related accumulated depreciation calculated on a straight-line basis, considering the estimated useful life of the asset. The asset value does not exceed its estimated recoverable value.

d. Long-term investments

Long-term investments over which the Company does not exert significant influence have been valued at cost.

Certain long-term investments in Radio Mitre have been carried at zero value, based on Management's expectations for such subsidiaries. The goodwill generated by recent acquisitions is a preliminary estimate until a final estimate is made of the fair market value of assets and liabilities identifiable at the time of acquisition. Therefore, these values may be modified in the future, as permitted by the prevailing accounting standards.

e. Property, plant and equipment and intangible assets

Materials have been valued at acquisition cost, restated as set forth in Note 2.1 to the parent company only financial statements, net of the allowance for obsolescence.

Improvements that extend the lives of the assets have been capitalized. Other repair and maintenance expenses have been expensed as incurred. Financial costs related to the financing with loan capital generated by the construction, assembly and finishing of property, plant and equipment on a long-term basis have been capitalized.

The item External network and broadcasting equipment under Property, plant and equipment includes the initial installation costs comprising materials, labor and general installation expenses. These costs are amortized over the average term during which subscribers maintain their subscription to the service.

Property, plant and equipment added as a result of acquisitions of subsidiaries have been valued at the respective current values as of the date of each transaction.

Intangible assets have been valued at acquisition cost, restated as set forth in Note 2.1 to the parent company only financial statements, net of the related accumulated amortization. Intangible assets are amortized on a straight line basis, taking into account their estimated useful lives.

Subscriber portfolio has been valued based on the future cash flows estimated for such portfolio and is amortized on a straight-line basis over its estimated useful life, at a subscriber turnover rate that ranges from 7 to 10 years.

The book value of these assets does not exceed their estimated recoverable value. Nevertheless, as mentioned in Note 15 to the parent company only financial statements and in Note 11 to the consolidated financial statements, this estimate could be affected by the final outcome of the circumstances described in such note.

f. Provisions

- For doubtful accounts: comprises doubtful accounts estimated by each company's Management at each year-end, based on the opinion of legal counsel, where appropriate.  
- For impairment of inventories, property, plant and equipment and obsolescence of materials: determined based on the estimates of each company's management at the closing of each year, where appropriate, regarding the future consumption of potentially obsolete or slow-moving assets.

- For contingencies: estimated by each company's management, based on the evaluation of contingent situations at each year-end, according to the reports of the legal counsel, if any.



g. Exchange differences  
Pursuant to CPCECABA Resolution MD No. 3/02, foreign exchange differences occurring on or after January 6, 2002 arising from the devaluation of the Argentine currency and other associated effects related to liabilities denominated in foreign currency as of such date were charged to the cost of assets acquired or built through such financing, provided such link is direct (the “direct method”). As an alternative criterion, companies could opt to give a similar treatment to exchange differences arising from indirect financing (the “indirect method”).

Subsequently, the CPCECABA issued Resolution CD No. 87/03 which suspended such accounting treatment of foreign exchange differences and required exchange differences to be charged to income as from July 29, 2003.

Exchange differences in the goodwill of Multicanal as of December 31, 2002, which were determined in accordance with the direct method, remain capitalized. The residual value of such capitalizations as of December 31, 2011 and December 31, 2010 is approximately Ps. 22 million.

h. Revenue recognition  
The criterion followed to charge revenues to income is as follows:

Sales of cable or Internet services subscriptions were recognized as revenues for the period in which the services were rendered.

Advertising sales revenues were recognized for the period in which advertising is published (printing media and Internet) or broadcast (cable, television and radio).

Circulation sales revenues are recognized in the period circulation of publications begins, net of returns.

In accordance with Argentine professional accounting standards, since no specific standard exists for the recognition of revenues from transactions that include multiple items, an accounting policy has been established to record these transactions based on international financial reporting standards. Revenues from transactions that include multiple items, in connection with the agreement described under Note 12, 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, when the amount of revenues may be fairly estimated, and when economic benefits are likely to be obtained.

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

i. Barter transactions  
The Company sells advertising spaces in exchange for goods or services. Revenues were booked when the advertisement was made, and the goods or expenses were booked when the goods were received or the services were used. The goods or services to be received in consideration of the advertisements made are recorded as Trade receivables. The advertisements to be made in exchange for the goods and services received are recorded as Accounts payable.

## 1.2 Adoption of the International Financial Reporting Standards (IFRS)

The CNV, through General Resolutions No. 562/09 and 576/10, has provided for the application of FACPCE Technical Resolutions No. 26 and 29, which adopted IFRS issued by the International Accounting Standards Board (IASB), for entities that are subject to the public offering regime governed by Law No. 17,811 due to the listing of their shares or notes, and for entities that have applied for authorization to be listed under said regime.

Application of these standards shall be mandatory for the Company as from the fiscal year beginning January 1, 2012. The first consolidated quarterly financial statements under IFRS shall be those for the three-month period ended March 31, 2012.

Therefore, the transition date for the adoption of the IFRS by the Company, as established in IFRS No.1 “First-time adoption of the IFRS”, shall be January 1, 2011.

These consolidated financial statements of Grupo Clarín S.A. have been prepared in accordance with General and Particular

Accounting Valuation and Disclosure Standards required by CNV General Resolutions No. 441/03, 485/05, 487/05 and 494/06, which differ from IFRS in terms of measurement and disclosure.

#### **1.2.a) Optional exemptions from IFRS**

IFRS No. 1 allows companies adopting IFRS for the first time to consider certain one-time exemptions from retrospective application of certain IFRS applicable to financial statements as of December 31, 2011. Such exemptions have been established by IASB in order to simplify the first application of such standards.

The optional exemptions under IFRS No. 1 applicable to Grupo Clarín S.A. are detailed below:

1. Deemed cost of Property, plant and equipment: The cost of property, plant and equipment, adjusted for inflation in accordance with effective accounting standards, has been considered as the deemed cost at the IFRS transition date, since it is similar to the cost or depreciated cost under IFRS, adjusted to reflect the changes of a general or specific price index.
2. Accumulated translation differences of foreign operations: Accumulated translation differences related to foreign operations were considered null at the IFRS transition date.
3. Business combinations: The Company has elected not to apply IFRS No. 3 “Business combinations” on a retrospective basis for business combinations that occurred prior to the IFRS transition date.

The Company has not used the other exemptions available under IFRS No. 1.

#### **1.2.b) Mandatory exceptions to IFRS**

The mandatory exceptions to IFRS No. 1 applicable to the Company are detailed below:

1. Estimates: The estimates made by the Company under IFRS at the IFRS transition date are consistent with the estimates made at the same date under Argentine Professional Accounting Standards (NCP ARG).
2. The other mandatory exceptions provided by IFRS No. 1 that have not been considered since they are not applicable to the Group are the following:
  - Derecognition of financial assets and liabilities.
  - Hedge accounting.
  - Non-controlling interest.
  - Embedded derivatives.

#### **1.2.c) Mandatory reconciliations**

Pursuant to FACPCE Technical Resolutions No. 26 and No. 29, the following is a detail of the reconciliations of shareholders' equity reported under NCP ARG to that reported under IFRS as of December 31, 2011 and January 1, 2011 and the reconciliation of comprehensive income for the year ended December 31, 2011. In this sense, the Company has considered in the preparation of reconciliations those IFRS estimated to be applicable to the preparation of its financial statements as of December 31, 2012. The items and figures contained in this note are subject to changes and may only be deemed final once the Company has prepared the annual financial statements for the year in which the IFRS are applied for the first time.

a) Reconciliation of shareholders' equity as of December 31, 2011 and January 1, 2011.

	December 31, 2011	January 1, 2011
Shareholders' equity under NCP ARG	<b>3,735,204,430</b>	<b>3,284,857,240</b>
<i>Effect of transition to IFRS:</i>		
Addition of the item Minority interest under NCP ARG to Shareholders' equity	1,037,401,294	918,479,254
Subtotal	<b>4,772,605,724</b>	<b>4,203,336,494</b>
Adjustment to inventories valuation <sup>[1]</sup>	(9,558,846)	(7,269,959)
Adjustment for derecognition of pre-operating expenses <sup>[2]</sup>	(446,476)	(656,221)
Derecognition of exchange differences capitalization <sup>[3]</sup>	(22,904,194)	(22,904,194)
Derecognition of the adjustment for inflation to intangible assets <sup>[4]</sup>	(1,518,634)	(1,857,552)
Recording of options on minority interests <sup>[5]</sup>	(18,054,721)	(22,249,442)
Adjustment for deferral of installation revenues <sup>[6]</sup>	(114,740,203)	(90,172,164)
Effect of special purpose entities consolidation <sup>[7]</sup>	73,886,214	49,541,445
Recognition of minority interest acquisition <sup>[8]</sup>	(7,007,606)	-
Derecognition of the adjustment for inflation of certain subsidiaries <sup>[9]</sup>	(16,755,564)	-
Tax effect of adjustments under IFRS <sup>[10]</sup>	44,266,017	34,852,783
Adjustment to the valuation of affiliates <sup>[11]</sup>	(627,693)	(1,818,667)
Other minor adjustments	(1,356,132)	(1,108,355)
<b>Total Shareholders' equity under IFRS</b>	<b>4,697,787,886</b>	<b>4,139,694,168</b>
Shareholders' equity under IFRS attributable to majority shareholders	3,634,142,107	3,203,295,205
Shareholders' equity under IFRS attributable to minority interest	1,063,645,779	936,398,963

b) Reconciliation of consolidated income for the year ended December 31, 2011

	December 31, 2011
Net income for the year under NCP ARG (Income)	522,279,377
<i>Effect of transition to IFRS:</i>	
Addition of the item Minority interest under NCP ARG to Comprehensive income for the year	267,152,452
Addition of the variation of Cumulative translation adjustment under NCP ARG to Comprehensive income for the year	86,654,781
Subtotal	<b>876,086,610</b>
Adjustment to inventories valuation <sup>[1]</sup>	(2,288,887)
Adjustment for derecognition of pre-operating expenses <sup>[2]</sup>	209,745
Derecognition of the adjustment for inflation to intangible assets <sup>[4]</sup>	338,918
Recording of options on minority interests <sup>[5]</sup>	(960,000)
Adjustment for deferral of installation revenues <sup>[6]</sup>	(24,568,039)
Effect of consolidation of special purpose entities and other companies <sup>[7]</sup>	24,344,769
Derecognition of the adjustment for inflation of certain subsidiaries <sup>[9]</sup>	(16,755,564)
Tax effect of adjustments under IFRS <sup>[10]</sup>	9,413,234
Adjustment to the valuation of affiliates <sup>[11]</sup>	1,190,974
Other minor adjustments	(247,777)
<b>Total comprehensive income for the year under IFRS</b>	<b>866,763,983</b>
Comprehensive income for the year under IFRS attributable to majority shareholders	552,746,145
Comprehensive income for the year under IFRS attributable to minority interest	314,017,838

c) Explanation of reconciling items

[1] Pursuant to NCP ARG, the valuation criterion applicable to inventories is replacement cost. As part of the transition process to IFRS, inventories will be valued at the lower of historical cost or net realizable value. In the income statement, this adjustment will have an impact in the item Cost of sales and in Financial income.

[2] Pursuant to NCP ARG, the Company and its subsidiaries maintain the capitalization under Intangible assets of certain items not accepted by IFRS. As part of the transition process to IFRS and since such items do not meet the requirements established by IFRS for their capitalization, the Company will reverse the residual value against Retained earnings in the financial statements prepared under IFRS at the transition date. The impact in the Consolidated Statements of Comprehensive Income will be disclosed as decreased amortization of such assets due to the reversal in the first financial statements prepared under IFRS.

[3] Under NCP ARG certain exchange differences arising from the exit from the convertibility regime and subsequent devaluation of the Argentine Peso had been capitalized (see Note 1.1.g). Exchange differences cannot be capitalized at the cost of acquisition of non-financial assets under IFRS. Therefore, the residual value of exchange differences included in such assets will be reversed against Retained earnings in the financial statements prepared under IFRS at the transition date. No impact will be recorded in the Consolidated Statements of Comprehensive Income since they are non-financial assets which are not subject to amortization.

[4] Under NCP ARG the financial statements of all the subsidiaries were adjusted for inflation during inflationary periods that distorted the figures contained in the financial statements. The last period in which figures were adjusted for inflation was January 2002 to February 2003. Under the criteria set forth by IAS 29, such period should not be considered as hyperinflationary and, therefore, the adjustment for inflation would not be applicable to the financial statements under IFRS. The intangible assets for which there is not an active market do not fall within the optional exemption provided by IFRS 1 described Note in 1.2.a), which was

adopted by the Company. Therefore, the residual value of the adjustment for inflation recorded in such period, contained in the balance of intangible assets, will be reversed against Retained earnings in the financial statements prepared under IFRS at the transition date. The impact in the Consolidated Statements of Comprehensive Income will be disclosed as decreased amortization of such intangible assets.

[5] There are put options held by minority shareholders that may force certain subsidiaries to acquire a portion or all of such equity interests. Under IFRS the Company has to recognize the liability arising from the present value of the best estimate of the amount payable in case the minority shareholder exercises the put option. The offsetting entry of such liability will be recorded against Minority interest based on the percentage of the net assets underlying the option, while the difference between both values will be recorded under Shareholders' equity. Such liability has not been recorded in the financial statements in accordance with NCP ARG.

[6] In accordance with NCP ARG the Company adopted as accounting practice for the recognition of revenues from cable TV and Internet installation services the deferral of the amount of these revenues that exceeds the direct expenses incurred to obtain new subscribers in the same period. Under IFRS the Company has deferred all of the above-mentioned revenues amortized over the average term during which subscribers maintain their subscription to the service, thus generating higher net liabilities from deferred revenues. The effect shall be reflected in the Consolidated Statements of Comprehensive Income, in the sales revenues item.

[7] NCP ARG requires the consolidation of subsidiaries based on the effective or potential equity interests that grant the Company the majority of votes at corporate or shareholders' meetings, including those cases in which control is obtained through agreements executed with other shareholders. IFRS requires the consolidation of special purpose entities in which control is exerted through other means. One of the Company's indirect subsidiaries has executed certain agreements of this kind with other companies in which it does not hold an

equity interest, for the purposes of rendering certain services on behalf of and by order of such companies. The net effect of the assets, liabilities and net income balances consolidated by these entities is disclosed, in accordance with IFRS, under minority interest in Shareholders' equity and Net income.

[8] Under NCP ARG the amount in excess of the cost paid during the year 2011 for the acquisition of minority interests in subsidiaries has been recognized as goodwill. As a consequence of the transition to IFRS, and as established by IAS 27, such excess amount shall be charged to Shareholders Equity.

[9] In accordance with NCP ARG the balances disclosed in the financial statements of Cablevisión's subsidiaries in Uruguay and Paraguay were adjusted for inflation until the date of transition to IFRS (January 1, 2011) taking into consideration the inflationary context of such countries. IAS 29 requires the adjustment for inflation of financial statements in countries with hyperinflationary economies. Under the criteria set forth by IAS 29, Uruguay and Paraguay's economies should not be considered as hyperinflationary and, therefore, the adjustment for inflation would not be applicable to the financial statements under IFRS.

The Company has elected to adopt the optional exemption mentioned in Note 1.2.a).1 above. Therefore, as from the date of transition to IFRS the adjustment for inflation will no longer be applied to such subsidiaries' financial statements. The related items included in the reconciliation of consolidated income for the year ended December 31, 2011 arise from the reversal of the adjustment for inflation of these subsidiaries recorded under NCP ARG in the year 2011.

[10] This reconciliation includes the tax effect of the adjustments made in the transition to IFRS. The effect of these adjustments will be reflected in the Consolidated Statements of Comprehensive Income under income tax.

[11] Generated by the effect of the disclosures made in [1] and [10] above with respect to investments in affiliates.

In addition to the differences explained above, in the Consolidated Balance Sheets and the Consolidated Statements of Comprehensive Income to be prepared under IFRS the assets, liabilities and net income of those companies in which common control is exercised will not be consolidated under the proportional method because in accordance with IFRS they will be disclosed in one item under Long-term investments of the Consolidated Balance Sheet and under Equity in earnings (losses) from affiliates and subsidiaries of the Consolidated Statement of Comprehensive Income.

d) Reconciliation of the Consolidated Statement of Cash Flows for the year ended on December 31, 2011.

No other significant differences have been identified in the Consolidated Statement of Cash Flows or in the definition of Cash and cash equivalents between NCP ARG and IFRS, except for the impact of the deconsolidation of subsidiaries in which common control is exerted, which in accordance with IFRS are not consolidated under the proportional method but disclosed as net in one item, and except for the information mentioned in [7] c) above.

### 1.3 Change in accounting policy. Adjustment to net income from prior years

As mentioned in Note 2.4 to the parent company only financial statements, below is a detail of the impact of the amounts consolidated as of December 31, 2010, presented for comparative purposes:

	December 31, 2010
Increase of Net deferred tax liabilities	(35,883,482)
Decrease of Investment in unconsolidated affiliates	(12,027,805)
Decrease of Minority interest	3,880,583
Net effect - Decrease in Shareholders' equity	(44,030,704)

## Note 2

### Breakdown of main accounts

	December 31, 2011	December 31, 2010
<b>a. Short-term Investments</b>		
Current		
Financial instruments	193,735,274	71,353,843
Mutual funds	64,485,370	194,945,718
Equity interests (See Note 9.1.d.)	-	10,948,000
	<b>258,220,644</b>	<b>277,247,561</b>
<b>b. Trade receivables</b>		
Current		
Trade receivables	1,425,095,392	1,144,833,182
Allowance for doubtful accounts - Exhibit E Consolidated	(129,299,862)	(128,836,360)
	<b>1,295,795,530</b>	<b>1,015,996,822</b>
Non-Current		
Trade receivables	122,595,188	1,404,343
	<b>122,595,188</b>	<b>1,404,343</b>
<b>c. Other receivables</b>		
Current		
Tax credits	131,239,968	56,264,516
Court-ordered and guarantee deposits	11,632,708	9,545,622
Pre-paid expenses	76,431,273	47,733,952
Advances	41,538,058	39,441,057
Derivatives - Note 7	-	37,348,003
Related parties	4,010,407	16,528,946
Other receivables	14,523,547	12,006,712
Other 43,357,839 30,297,524		
Allowance for other doubtful accounts - Exhibit E Consolidated	(727,212)	(669,023)
	<b>322,006,588</b>	<b>248,497,309</b>
Non-Current		
Net deferred tax assets - Note 13	29,243,782	25,123,948
Tax credits	31,919,817	25,665,307
Guarantee deposits	1,162,599	873,115
Pre-paid expenses	61,425,011	12,842,925
Loans granted	3,871,222	3,842,313
Advances	1,130,127	2,581,566
Related parties	7,763,841	7,055,251
Other	15,483,961	15,530,539
Allowance for other doubtful accounts - Exhibit E Consolidated	(2,725,649)	(2,725,649)
	<b>149,274,711</b>	<b>90,789,315</b>

d. Inventories	December 31, 2011	December 31, 2010
Current		
Raw materials and supplies	256,873,304	190,372,287
Products-in-process	973,397	2,161,336
Finished and resale products	16,484,770	16,676,028
Computer equipment held by third parties	21,531,761	-
Film products and rights	98,578,513	55,375,341
Other	199,126	987,735
Subtotal	394,640,871	265,572,727
Advances to suppliers	46,387,132	24,077,982
Allowance for impairment of inventories - Exhibit E Consolidated	(3,176,265)	(511,490)
	<b>437,851,738</b>	<b>289,139,219</b>
Non-Current		
Film products and rights	16,964,960	26,739,712
Subtotal	16,964,960	26,739,712
Advances to suppliers	-	3,307,500
	<b>16,964,960</b>	<b>30,047,212</b>
e. Investment in unconsolidated affiliates		
Papel Prensa	194,029,432	185,297,290
Ver TV S.A.	15,656,650	15,656,651
TPO	10,822,223	10,822,223
TATC	6,722,931	5,847,539
TSMA	10,060,515	10,060,515
La Capital Cable	14,984,238	6,218,710
Other investments	15,534,202	6,596,979
Advances for future investments	150,000	181,771
Allowance for investment impairment - Exhibit E Consolidated	(428,809)	(355,609)
	<b>267,531,382</b>	<b>240,326,069</b>

f. Property, plant and equipment, net

Main account	Cost of acquisition	Accumulated depreciation	Net book value as of December 31, 2011	Net book value as of December 31, 2010
Real property	560,744,171	(233,552,755)	327,191,416	330,833,238
Furniture and fixtures	97,367,568	(79,031,088)	18,336,480	17,063,164
Telecommunication, audio and video i t	228,207,741	(193,668,155)	34,539,586	26,209,410
External network and broadcasting equipment	2,881,648,497	(954,937,554)	1,926,710,943	1,410,864,259
Computer equipment and software	479,953,127	(379,121,135)	100,831,992	110,606,215
Technical equipment	111,080,086	(79,769,950)	31,310,136	31,009,249
Workshop machinery	583,446,189	(523,711,405)	59,734,784	60,028,490
Tools	51,347,441	(38,704,271)	12,643,170	11,190,305
Spare parts	41,373,418	(32,669,077)	8,704,341	7,294,376
Installations	437,109,614	(328,050,468)	109,059,146	154,691,002
Vehicles	171,651,196	(115,690,568)	55,960,628	28,975,917
Plots	14,737,375	(13,714,186)	1,023,189	348,782
Leased assets	1,091,138	(250,132)	841,006	1,293,729
Other materials and equipments	457,140,498	-	457,140,498	451,037,744
Works-in-progress	485,401,971	-	485,401,971	160,287,889
Leasehold improvements	33,575,106	(25,620,068)	7,955,038	7,842,739
Advances to suppliers	88,798,187	-	88,798,187	33,902,265
Subtotal	6,724,673,323	(2,998,490,812)	3,726,182,511	2,843,478,773
Allowance for property, plant and equipment impairment and obsolescence of materials - Exhibit E Consolidated	(15,632,479)	-	(15,632,479)	(15,634,149)
<b>Total as of December 31, 2011</b>	<b>6,709,040,844</b>	<b>(2,998,490,812)</b>	<b>3,710,550,032</b>	
<b>Total as of December 31, 2010</b>	<b>5,406,052,549</b>	<b>(2,578,207,925)</b>		<b>2,827,844,624</b>
			Net book value as of December 31, 2011	Net book value as of December 31, 2011
Balance at the beginning of the year			2,827,844,624	2,522,621,307
Additions for the year			1,633,721,394	1,088,997,381
Additions (retirements) from consolidation / deconsolidation of subsidiaries for the year			733,147	(167,505,579)
Retirements for the year			(137,393,793)	(128,291,479)
Transfers and other movements for the year			22,009,946	545,948
Depreciation for the year			(636,365,286)	(488,522,954)
<b>Balance at year-end</b>			<b>3,710,550,032</b>	<b>2,827,844,624</b>



g. Intangible Assets, net

Main account	Cost of acquisition	Accumulated amortization	Net book value as of December 31, 2011	Net book value as of December 31, 2010
Organizational expenses, pre-operating costs and licenses	6,116,006	(5,351,504)	764,502	1,461,026
Exclusivity agreements	50,847,513	(20,285,930)	30,561,583	34,470,448
Other rights	73,745,643	(59,410,820)	14,334,823	36,417,565
Subscriber portfolio acquired	1,057,944,050	(574,135,911)	483,808,139	592,193,943
Trademarks and patents	5,479,295	(4,289,222)	1,190,073	1,023,984
Deferred charges	14,662,619	(9,984,855)	4,677,764	3,525,464
Projects in-progress	64,126,242	-	64,126,242	32,338,944
Other	90,971,448	(60,672,672)	30,298,776	18,081,384
<b>Total as of December 31, 2011</b>	<b>1,363,892,816</b>	<b>(734,130,914)</b>	<b>629,761,902</b>	
<b>Total as of December 31, 2010</b>	<b>1,298,321,176</b>	<b>(578,808,418)</b>		<b>719,512,758</b>

	Net book value as of December 31, 2011	Net book value as of December 31, 2010
Balance at the beginning of the year	719,512,758	822,222,753
Additions for the year	57,059,814	25,785,954
Retirements for the year	(9,104)	(80,442)
Transfers and other movements for the year	40,701	795,950
Amortization for the year	(146,842,267)	(129,211,457)
<b>Balance at year-end</b>	<b>629,761,902</b>	<b>719,512,758</b>

#### h. Goodwill

Main account	Net book value before impairment	Allowance for goodwill impairment (Exhibit E Consolidated)	Balances as of December 31, 2011	Balances as of December 31, 2010
Cablevisión and subsidiaries (1)	3,250,671,488	(746,572,936)	2,504,098,552	2,461,913,028
PRIMA	2,272,319	-	2,272,319	2,272,319
CIMECO and affiliates	235,982,248	(54,637,313)	181,344,935	180,286,033
Cúspide and subsidiaries (Note 9.1.f)	23,559,945	-	23,559,945	-
Telecor	39,173,062	-	39,173,062	39,173,062
Grupo Carburando	12,053,573	(12,053,573) (2)	-	12,053,573
Pol-Ka	16,130,769	(6,850,727)	9,280,042	9,280,042
Patagonik	6,197,435	-	6,197,435	6,197,435
Telba	3,774,071	-	3,774,071	3,774,071
Canal Rural	1,742,346	-	1,742,346	1,742,346
Bariloche TV	1,844,621	-	1,844,621	1,844,621
Other	18,554,482	(533,130)	18,021,352	13,448,590
<b>Total as of December 31, 2011</b>	<b>3,611,956,359</b>	<b>(820,647,679)</b>	<b>2,791,308,680</b>	
<b>Total as of December 31, 2010</b>	<b>3,540,579,226</b>	<b>(808,594,106)</b>		<b>2,731,985,120</b>

(1) Includes the goodwill of Multicanal and Teledigital, currently merged into Cablevisión (see Note 8.2.c).

(2) See Note 14.a).

	December 31, 2011	December 31, 2010
<b>i. Accounts payable</b>		
<b>Current</b>		
Suppliers	1,162,956,411	790,243,242
Related parties	77,479,387	53,922,206
	<b>1,240,435,798</b>	<b>844,165,448</b>
<b>Non-Current</b>		
Suppliers	16,450,399	20,781,453
	<b>16,450,399</b>	<b>20,781,453</b>
<b>j. Long-term debt</b>		
<b>Current</b>		
Bank overdraft	52,088,509	9,979,032
Financial loans	118,179,975	42,754,595
Negotiable obligations	129,000,000	133,904,847
Acquisition of equipment	42,591,825	35,963,095
Related parties	13,264,292	5,093,485
Interest and restatements	86,901,402	33,239,699
Measurement at fair value	3,935,489	3,333,740
	<b>445,961,492</b>	<b>264,268,493</b>
<b>Non-Current</b>		
Financial loans	136,911,091	120,139,090
Negotiable obligations	2,583,977,500	1,964,840,968
Acquisition of equipment	95,022,667	36,875,131
Related parties	2,858,933	2,541,636
Interest and restatements	1,857,741	1,004,041
Measurement at fair value	(58,609,546)	4,492,370
	<b>2,762,018,386</b>	<b>2,129,893,236</b>

	December 31, 2011	December 31 2010
k. Other liabilities		
Current		
Advances from customers	48,916,985	45,781,822
Dividends payable	4,232,562	2,134,072
Related parties	487,819	1,197,481
Derivatives - Note 7	4,344,000	-
Other	48,133,016	44,693,411
	<b>106,114,382</b>	<b>93,806,786</b>
Non-Current		
Net deferred tax liabilities - Note 13	232,020,446	258,228,858
Related parties	-	439,533
Guarantee deposits	1,986,889	1,975,322
Other	9,792,774	5,357,220
	<b>243,800,109</b>	<b>266,000,933</b>

### Note 3

#### 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's management assesses its business performance:

- Cable Television & Internet Access: it is basically comprised of the operations of its subsidiary Cablevisión and its subsidiaries, mainly PRIMA.

- Printing & Publishing: it is basically comprised of the operations of its subsidiary AGEA and its subsidiaries AGR, Tinta Fresca, Papel Prensa (see Note 1 to the consolidated financial statements) and CIMECO and its subsidiaries.

- Broadcasting and Programming: it is basically comprised of the operations of its subsidiaries ARTEAR, IESA and Radio Mitre, and their respective subsidiaries, including Telecor, Telba, Pol-Ka, Auto Sports <sup>(1)</sup>, Grupo Carburando, and the companies under common control, such as Ideas del Sur, TRISA and TSC.

- Digital Content and Other: it is basically comprised of the operations of its controlled companies CMD and subsidiaries, and OSA. Additionally, this segment includes the Company's own operations (typical of a holding) and those carried out by its controlled company GCGC.

(1) During the year ended December 31, 2010, Automóviles Deportivos 2000 S.A. changed its corporate name to Auto Sports S.A.

The following tables include the information as of December 31, 2011 and 2010 for each of the business segments identified by the Company:

	Cable television and Internet access
<b>Information arising from consolidated statements of income as of December 31, 2011</b>	
Net sales to third parties	6,327,650,095
Intersegment net sales	9,235,522
Net sales	6,336,885,617
Cost of sales (excluding depreciation and amortization)	(2,805,719,070)
Subtotal	3,531,166,547
Expenses (excluding depreciation and amortization)	
- Selling expenses	(703,190,072)
- Administrative expenses	(771,332,103)
Depreciation of property, plant and equipment and other investments	(547,568,709)
Amortization of intangible assets, goodwill and other assets	(111,915,589)
Financing and holding results	
- Generated by assets	(56,546,469)
- Generated by liabilities	(390,956,226)
Equity in earnings from unconsolidated affiliates, net	8,951,042
Other income (expense), net	5,923,486
Income before income tax, tax on assets and minority interest	964,531,907
Income tax and tax on assets	(338,644,473)
Minority interest	(260,862,620)
<b>Net income / (loss) for the year</b>	<b>365,024,814</b>
<b>Information arising from consolidated balance sheets as of December 31, 2011</b>	
Total Assets	7,617,518,399
Total Liabilities	4,285,000,337
<b>Additional consolidated information as of December 31, 2011</b>	
Acquisition of property, plant and equipment, net	1,390,607,930
Acquisition of intangible assets	42,685,454

Printing and publishing	Broadcasting and programming	Digital content and other	Deletions	Total
2,039,238,191	1,280,623,928	105,034,750	-	9,752,546,964
119,499,221	183,105,913	177,924,686	(489,765,342)	-
2,158,737,412	1,463,729,841	282,959,436	(489,765,342)	9,752,546,964
(1,237,842,663)	(909,220,302)	(125,283,686)	205,575,179	(4,872,490,542)
920,894,749	554,509,539	157,675,750	(284,190,163)	4,880,056,422
(358,068,704)	(108,531,625)	(55,269,992)	138,773,786	(1,086,286,607)
(305,758,227)	(160,471,965)	(102,972,633)	145,416,377	(1,195,118,551)
(51,250,740)	(31,319,574)	(6,802,880)	-	(636,941,903)
(5,345,779)	(27,557,275)	(4,762,238)	-	(149,580,881)
(14,478,542)	(25,922,479)	7,220,670	(514,672)	(90,241,492)
(64,856,048)	(26,627,347)	(20,683,321)	514,672	(502,608,270)
7,652,537	18,299	42,718	-	16,664,596
9,088,329	223,536	(7,511,413)	-	7,723,938
137,877,575	174,321,109	(33,063,339)	-	1,243,667,252
(45,117,805)	(65,494,594)	(4,978,551)	-	(454,235,423)
(5,776,078)	114,754	(628,508)	-	(267,152,452)
<b>86,983,692</b>	<b>108,941,269</b>	<b>(38,670,398)</b>	-	<b>522,279,377</b>
1,739,694,395	1,147,578,519	423,660,578	(243,093,923)	10,685,357,968
1,005,108,267	636,080,437	229,657,126	(243,093,923)	5,912,752,244
35,056,605	79,308,748	6,235,691	-	1,511,208,974
7,953,814	167,996	6,333,502	-	57,140,766

	Cable television and Internet access
<b>Information arising from consolidated statements of income as of December 31, 2010</b>	
Net sales to third parties	4,877,747,616
Intersegment net sales	7,313,732
Net sales	4,885,061,348
Cost of sales (excluding depreciation and amortization)	(2,011,076,406)
Subtotal	2,873,984,942
Expenses (excluding depreciation and amortization)	
- Selling expenses	(494,294,364)
- Administrative expenses	(550,185,857)
Depreciation of property, plant and equipment and other investments	(396,341,467)
Amortization of intangible assets, goodwill and other assets	(112,075,243)
Financing and holding results	
- Generated by assets	(52,531,799)
- Generated by liabilities	(270,867,141)
Equity in earnings from unconsolidated affiliates, net	6,931,886
Other income (expense), net	7,061,242
Income before income tax, tax on assets and minority interest	1,011,682,199
Income tax and tax on assets	(364,992,543)
Minority interest	(268,379,546)
<b>Net income / (loss) for the year</b>	<b>378,310,110</b>
<b>Information arising from consolidated balance sheets as of December 31, 2010</b>	
Total Assets	6,333,492,089
Total Liabilities	3,291,542,411
<b>Additional consolidated information as of December 31, 2010</b>	
Acquisition of property, plant and equipment, net	866,808,431
Acquisition of intangible assets	17,825,763

Printing and publishing	Broadcasting and programming	Digital content and other	Deletions	Total
1,675,407,292	975,727,288	103,137,228	-	7,632,019,424
128,639,736	148,962,410	137,760,698	(422,676,576)	-
1,804,047,028	1,124,689,698	240,897,926	(422,676,576)	7,632,019,424
(967,682,831)	(695,678,708)	(92,284,184)	169,617,443	(3,597,104,686)
836,364,197	429,010,990	148,613,742	(253,059,133)	4,034,914,738
(287,453,374)	(60,094,270)	(57,777,740)	138,058,221	(761,561,527)
(245,546,314)	(157,439,565)	(83,343,598)	115,000,912	(921,514,422)
(56,859,501)	(27,456,624)	(8,096,749)	-	(488,754,341)
(2,939,515)	(10,425,379)	(4,990,005)	-	(130,430,142)
13,739,807	(10,111,858)	9,767,493	(217,886)	(39,354,243)
(63,259,215)	(21,092,711)	(25,959,408)	217,886	(380,960,589)
(2,294,358)	388,122	(955,027)	-	4,070,623
2,749,084	5,011,937	(22,323,293)	-	(7,501,030)
194,500,811	147,790,642	(45,064,585)	-	1,308,909,067
(72,180,184)	(53,627,536)	(2,631,891)	-	(493,432,154)
(4,895,323)	(3,985,694)	(99,470)	-	(277,360,033)
<b>117,425,304</b>	<b>90,177,412</b>	<b>(47,795,946)</b>	-	<b>538,116,880</b>
1,516,656,888	968,480,689	237,967,682	(120,599,149)	8,935,998,199
812,236,328	528,028,152	221,453,963	(120,599,149)	4,732,661,705
52,240,761	29,469,448	19,383,917	-	967,902,557
3,439,723	202,141	5,769,734	-	27,237,361

## Note 4

### Additional consolidated cash flow statements information

In the years ended on December 31, 2011 and 2010, the following significant transactions were carried out, which did not have an impact on consolidated cash and cash equivalents:

	December 31, 2011	December 31, 2010
Dividends collected through debt settlement	295,708	9,205,411
Debt paid from the reserve account	60,459,379	133,156,977
Interest paid from the reserve account	8,041,871	150,214,259
Financed purchase of property, plant and equipment	-	4,943,750

## Note 5

### Borrowings

Consolidated loans include, mainly, the following:

#### 5.1. Cablevisión - Notes and financial restructuring process

##### Cablevisión

On April 7, 2011, Cablevisión cancelled the total outstanding balance of the Notes issued under its prepackaged insolvency plan (APE). Cablevisión's APE had been judicially confirmed and deemed completed on October 28, 2009, pursuant to section 59 of Law No. 24,522. The cancelled Notes consisted of:

a) USD 744,972 aggregate principal amount of short-term Notes and b) USD 11,898,272 aggregate principal amount of long-term Notes.

As of December 31, 2011, Cablevisión records only one loan borrowed from official banks for USD 2.5 million.

##### Multicanal

As of December 31, 2011, the only Notes issued by Multicanal (and assumed by Cablevisión) under the Multicanal APE - which was confirmed by the Argentine Commercial Court of Appeals, Chamber "A" on October 4, 2004 - that remain outstanding are the Series A Step Up Notes for USD 80,325,000 ("10-Year Notes"). The 10-Year Notes accrue interest at a nominal rate of 2.5% per annum from December 10, 2003 to the fourth anniversary of their issue date, 3.5% from the fourth to the

eight anniversary, and 4.5% thereafter until maturity. On June 20, 2011, payment was made of the total outstanding balance of Series B Notes in the amount of USD 2,156,968 ("7-year fixed rate Notes").

As a result of the issue of the 10-Year Notes, Multicanal undertook certain covenants, including: (i) limitation on the issuance of guarantees by subsidiaries; (ii) mergers, consolidations, and sale of assets under certain conditions, (iii) limitation on incurring debt above certain approved ratios, (iv) limitation on capital expenditure exceeding certain amount, (v) limitation on transactions with shareholders and affiliates under certain conditions, (vi) limitation on the issuance and sale of significant subsidiaries' shares with certain exceptions.

Some of the covenants originally included in such Notes were amended at the respective extraordinary noteholders' meetings. The amendments proposed by Multicanal were approved at each such meeting.

On May 6, 2009, an extraordinary Noteholders' Meeting was held by the holders of 10-year Notes in which the noteholders granted a waiver of certain merger covenants of the 10-year Notes in connection with the Multicanal and Cablevisión merger.

On June 30, 2009, pursuant to certain merger covenants under Multicanal's 10-year and 7-year Fixed-Rate Notes, Cablevisión assumed Multicanal's obligations under such Notes as from October 1, 2008, subject to Multicanal's



merger into Cablevisión becoming effective under Argentine law.

#### **Issue of Class I, II, III and IV Notes**

On January 14, 2011, Cablevisión's Regular Shareholders' Meeting authorized the issue of non-convertible notes for an aggregate principal amount of up to USD 600,000,000, to be privately placed and to be issued in one or more classes, pursuant to Negotiable Obligations Law No. 23,576, as amended, and its regulations (the "Negotiable Obligations Law").

On February 11, 2011 Cablevisión issued three classes of Notes to refinance certain financial indebtedness due within the next years (each of them, the "Class I Notes", the "Class II Notes" and the "Class III Notes") and to issue an additional class of Notes, the proceeds of which will be used to acquire non-financial assets, and to finance imports (the "Class IV Notes"). Such Notes were issued privately.

The financial indebtedness that was refinanced in exchange for the new Class I, II and III Notes amounted to USD 382,753,634 and include: (i) USD 88,238,393 aggregate principal amount of 7-year Fixed-Rate Notes originally issued by Multicanal; (ii) USD 71,292,197 aggregate principal amount of Short-Term Notes and (iii) USD 223,223,044 aggregate principal amount of Long-Term Notes, collectively ("Cablevisión's Notes Subject to Refinancing"). Interest accrued under Cablevisión's Notes Subject to Refinancing was settled in cash at the time of the exchange of such Notes for Class I, II and III Notes.

On February 11, 2011, as a result of the refinancing of the notes, Cablevisión recorded a gain of Ps. 41,021,843.

Below is a summary of the terms and conditions of the Notes:

The Class I, II, III and IV Notes were issued by Cablevisión, in its name and as universal successor to all the assets, rights and obligations of Multicanal, on February 11, 2011 and they mature on February 11, 2018. They are payable in nine equal semiannual installments due in February and August of each year, starting in February 2014 and ending in February 2018. Interest and the permanence fee agreed with the bank will accrue on the outstanding principal of

each class of Notes as from the date of issue until full repayment of the outstanding principal under each class of Notes. Interest and the permanence fee agreed with the bank (nominal fee of 0.2% per annum) shall be paid on a semiannual basis in August and February of each year. The first interest payment date was on August 11, 2011.

As a result of the issuance of Class I, II, III and IV Notes by Cablevisión, certain covenants were undertaken including: (i) limitation on the issuance of guarantees by subsidiaries; (ii) mergers, consolidations, and sale of assets under certain conditions, (iii) limitation on incurring debt above certain approved ratios, (iv) limitation on capital expenditure exceeding certain amount, (v) limitation on transactions with shareholders and affiliates under certain conditions, (vi) limitation on the issuance and sale of significant subsidiaries' shares with certain exceptions.

Terms and conditions governing each class of Notes.

- Class I Notes: (i) Aggregate principal amount: USD 88,238,393; (ii) Payment: exchange and transfer in favor of Cablevisión, of the 7-year Fixed-Rate Notes, at a rate of USD 1 face value of Class I Notes for each USD 1 face value of the 7-year Fixed-Rate Notes; (iii) Interest rate: 8.75% nominal interest rate per annum and (iv) Use of proceeds: Refinancing of the indebtedness under the 7-year Fixed-Rate Notes.

- Class II Notes: (i) Aggregate principal amount: USD 71,292,197; (ii) Payment: exchange and transfer in favor of Cablevisión of the Short-Term Notes, at a rate of USD 1 face value of Class II Notes for each USD 1 face value of the Short-Term Notes; (iii) Interest rate: 9,375% nominal interest rate per annum and (iv) Use of proceeds: Refinancing of the indebtedness under the Short-Term Notes.

- Class III Notes: (i) Aggregate principal amount: USD 223,223,044; (ii) Payment: exchange and transfer in favor of Cablevisión of the Long-Term Notes, at a rate of USD 1 face value of Class III Notes for each USD 1 face value of the Long-Term Notes; (iii) Interest rate: 9,625% nominal interest rate per annum and (iv) Use of proceeds: Refinancing of the indebtedness under the Long-Term Notes.

- Class IV Notes: (i) Aggregate principal amount: USD 17,246,366; (ii) Payment: In cash; (iii) Interest rate: 9,375% nominal interest rate per annum and (iv) Use of proceeds: Acquisition of non-financial assets and financing of imports.

#### **Issue of Class V Notes**

On May 17, 2011, Cablevisión issued variable-rate Class V Notes due May 17, 2014. Principal on the variable-rate Class V Notes is payable in eight equal quarterly installments due in February, May, August and November of each year, starting in August 2012 and ending in May 2014. Interest and the permanence fee agreed with the bank (0.2% nominal interest rate per annum) will accrue on the outstanding principal as from the date of issue until full repayment. Interest and the permanence fee agreed with the bank shall be paid on a quarterly basis in February, May, August and November of each year. The first interest payment date was on August 17, 2011.

As a result of the issue of its variable-rate Class V Notes, Cablevisión has undertaken certain covenants similar to those of the Class I, II, III and IV Notes.

Terms of the issue of variable-rate Class V Notes: (i) Aggregate principal amount: USD 50,000,000; (ii) Payment: In cash; (iii) Interest rate: 3-month US Dollar Libor plus a 7.50% nominal interest rate per annum (iv) Use of proceeds: Acquisition of non-financial assets and financing of imports.

Issue of variable-rate Notes by Primera Red Interactiva de Medios Argentina (PRIMA) S.A.

On May 17, 2011, PRIMA issued variable-rate Notes due May 17, 2014. Principal on the variable-rate Notes issued by PRIMA is payable in eight equal quarterly installments due in February, May, August and November of each year, starting in August 2012 and ending in May 2014. Interest and the permanence fee agreed with the bank (0.2% nominal interest rate per annum) will accrue on the outstanding principal of each class of Notes as from the date of issue until full repayment under each class of Notes. Interest and the permanence fee agreed with the bank shall be paid on a quarterly basis in February, May, August and November of each year. The first interest payment date was on August 17, 2011.

As a result of the issue of its variable-rate Notes, PRIMA has undertaken certain covenants, including the limitation to carry out transactions with shareholders and affiliates under certain conditions. Cablevisión is the guarantor of the issue and the obligor for the payment of PRIMA's Notes for up to USD 35,000,000 until March 31, 2012, and for up to USD 70,000,000 since April 1, 2012 and thereafter.

Terms of the issue of variable-rate Notes by PRIMA: (i) Aggregate principal amount: USD 70,000,000; (ii) Payment: In cash; (iii) Interest rate: 3-month US Dollar Libor plus a 7.50% nominal interest rate per annum (iv) Use of proceeds: Acquisition of non-financial assets and financing of imports.

#### **5.2. AGEA**

On January 28, 2004, AGEA issued USD 30.6 million aggregate principal amount Series C Notes due 2014, which accrue interest at an incremental fixed rate (2% from December 17, 2003 to January 28, 2008; 3% from January 29, 2008 to January 28, 2012; and 4% from January 29, 2012 to maturity), payable semiannually.

Principal will be repaid in a lump sum on January 28, 2014.

On January 26, 2006, AGEA issued Ps. 300 million aggregate principal amount Series D Notes due 2014, which accrued interest at a variable rate equal to the CER variation for the period, plus a 4.25% margin, payable semiannually commencing on June 15, 2006. Principal was repaid in 8 equal and consecutive semiannual installments beginning on June 15, 2008.

As of December 31, 2011 AGEA has repaid in full principal under Series D Notes, plus interest accrued thereon.

The Series C Notes due 2014 include certain covenants and restrictions, including but not limited to, restrictions on borrowings, creation of encumbrances, mergers, disposition of significant assets, transactions with affiliates (including the Company) and payment of dividends or other payments to shareholders (including the payment of management fees to the Company), if certain ratios are not met or if certain amounts are exceeded.

Additionally, on July 15, 2011, AGEA executed a syndicated loan agreement in the amount of Ps. 45 million with Standard Bank Argentina S.A. and Banco Itaú Argentina S.A., which accrues interest at a fixed annual rate of 18.45% payable on a quarterly basis as from October 18, 2011. Principal will be repaid in five consecutive quarterly installments beginning on July 18, 2012.

### 5.3. TRISA

As of December 31, 2010, TRISA is the borrower under a loan with First Overseas Bank Limited with an original principal amount of USD 11,626,752, payable in 16 semiannual installments, the first one of which was due on June 28, 2004. Annual interest rate on the loan is equal to Libor plus 3%. As of December 31, 2010, the outstanding balance amounted to Ps. 1.5 million. As of December 31, 2011, such loan has been fully repaid.

### 5.4. GCSA Investments

As of December 31, 2011, GCSA Investments is the borrower under a loan with JP Morgan Chase Bank for a principal amount of USD 20 million, payable in two installments of USD 10 million each, due on December 30, 2012 and June 30, 2013. Interest under the loan accrues at a variable rate and is payable semiannually. The loan agreement sets forth certain covenants and restrictions, including mainly restrictions on borrowings, creation of encumbrances, winding-up, liquidation and effective changes of control.

### 5.5. ARTEAR

As of December 31, 2011, ARTEAR owed Ps. 20 million principal amount under a commercial loan with a local bank. Principal on the loan is payable in four equal installments due in October 2012 and January, April and July 2013. Interest accrues at a fixed rate and is payable on a quarterly basis, starting in October 2011 until the final maturity.

### 5.6. Consolidated maturities

The following table summarizes the Company's consolidated financial debt maturities:

Without any	established	To fall due				Total current
		Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 month to 1 year	
Current loans	term					
Bank overdraft	760,399	46,552,309	4,775,801	-	-	52,088,509
Financial loans	888,888	20,498,726	20,536,185	14,893,334	61,362,842	118,179,975
Negotiable obligations	-	-	-	64,500,000	64,500,000	129,000,000
Acquisition of equipment	-	8,970,621	14,922,774	8,740,661	9,957,769	42,591,825
Related parties	-	114,292	13,150,000	-	-	13,264,292
Interest and restatements	-	85,731,671	1,118,795	8,866	42,070	86,901,402
	<b>1,649,287</b>	<b>161,867,619</b>	<b>54,503,555</b>	<b>88,142,861</b>	<b>135,862,681</b>	<b>442,026,003</b>

Non-current loans	To fall due					Total non-current
	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	
Financial loans	102,971,183	6,364,288	22,958,155	2,869,468	1,747,997	136,911,091
Negotiable obligations	231,125,000	669,677,222	382,222,222	727,619,723	573,333,333	2,583,977,500
Acquisition of equipment	46,261,760	31,079,750	17,681,157	-	-	95,022,667
Related parties	-	-	2,858,933	-	-	2,858,933
Interest and restatements	37,900	-	1,819,841	-	-	1,857,741
	<b>380,395,843</b>	<b>707,121,260</b>	<b>427,540,308</b>	<b>730,489,191</b>	<b>575,081,330</b>	<b>2,820,627,932</b>

## Note 6

### Other borrowings

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

Current sellers financing	Without any established term	To fall due				Total current
		Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 months to 1 year	
Principal	1,723,486	3,253,526	3,540,190	243,526	243,526	9,004,254
	<b>1,723,486</b>	<b>3,253,526</b>	<b>3,540,190</b>	<b>243,526</b>	<b>243,526</b>	<b>9,004,254</b>

Non-current sellers financing	To fall due		Total non-current
	From 1 to 2 years	From 2 to 3 years	
Principal	530,190	286,664	816,854
	<b>530,190</b>	<b>286,664</b>	<b>816,854</b>

## Note 7

### Derivatives

Under the consolidated item Other current receivables, these financial statements included as of December 31, 2010 Ps. 37.3 million of receivables generated by the prepayment of outstanding indebtedness held with financial entities under swap agreements. Such agreements consisted of interest rate and exchange rate swaps, whereby the net position resulting from swapping the obligation to pay interest and principal at a variable rate in pesos for the obligation to pay interest and principal at a fixed rate in US dollars was transferred to the financial entities that are party to such agreements. The swap agreements were executed in January 2006 and were effective until December 2011.

During the last quarter of 2008, certain amendments were executed to the swap

agreements, which involved the prepayment of certain outstanding amounts denominated in USD due in the years 2010 and 2011 in the amount of USD 13.5 million.

Under Other Liabilities, these financial statements include the amounts of foreign currency forward transactions, which were valued based on a nominal aggregate amount of USD 30 million, for the purpose of mitigating the adverse effects that future exchange rate fluctuations may eventually have on foreign currency liabilities and, therefore, on the Company's financial position. These contracts are due in February 2012, August 2012 and February 2013.

The transactions related to derivatives generated a net loss of Ps. 5.9 million for the year ended December 31, 2011 and a net gain of Ps. 6.7 million for the year ended December 31, 2010 (see Note 14 to the parent company only financial statements).

## Note 8

### Commitments and contingencies

#### 8.1. Restrictions, surety and guarantees

a. Note 5 sets forth certain restrictions to which Cablevisión (by itself and as the surviving company and successor to Multicanal's operations after the merger), PRIMA, AGEA and IESA are subject under their respective financial obligations described in such note.

b. All of TRISA's shares and 75% of Torneos y Competencias S.A.'s (Uruguay) shares are pledged as guarantee of the loan described in Note 5.3.

IESA is subject to contractual restrictions on the transfer of its equity interest in TRISA and Tele Net Image Corp.

c. During the year 2009, AGR purchased a binding machine on credit. To secure the transaction, AGR granted the supplier a right of pledge over the machine. AGR granted joint and several guarantees for the loans granted by Banco de Inversión y Comercio Exterior and Standard Bank Argentina S.A. to Artes Gráficas del Litoral S.A.

#### 8.2. Regulatory Framework

a. Until the enactment of Audiovisual Communication Services Law No. 26,522, the exploitation of broadcasting services in Argentina was governed by Broadcasting Law No. 22,285. Under Law No. 22,285 cable television companies in Argentina required a non-exclusive license from the COMFER in order to operate. 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 who would determine whether or not the licensee had met the terms and conditions under which the license had been granted. All of the Company's subsidiaries that exploit broadcasting licenses hold licenses granted by the COMFER under such law. Some of the licenses held by the Company's subsidiaries, including all the broadcast TV licenses, the radio license for the City of Buenos Aires, and the license originally granted to Cablevisión S.A. have already been extended for the above mentioned 10-year term.

On May 24, 2005, Decree 527/05 provided for a 10-year-suspension of the terms then effective of broadcasting licenses or their extensions. Calculation of the terms shall be automatically resumed upon expiration of the suspension term, subject to certain conditions. The Decree required that companies seeking to rely on the extension submit for the COMFER's approval, within two years of the date of the Decree, programming proposals contributing 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's Resolution 214/07 regulated the obligations established by Decree 527/05 in order to benefit from such suspension.

All the broadcasting services licensee subsidiaries have submitted both projects in due time and form. ARTEAR and its subsidiaries Telecor, Telba and Bariloche TV, as well as Radio Mitre, Cablevisión and the licensees merged into Cablevisión, have obtained the COMFER's approval of their respective projects (see Note 15 to the parent company only financial statements and Note 11 to the consolidated financial statements).

The Company's subsidiaries have requested the COMFER's approval of several transactions, including certain company reorganizations and share transfers. The approvals of said reorganization processes by the COMFER, except for the Cablevisión-Multicanal merger (see Note 8.2.c), are still pending as of the date of these financial statements.

The activities of the Company's subsidiaries concerning telecommunications services are governed by National Telecommunications Law No. 19,798 and by Decree 764/00, as amended and supplemented. Such decree ordered the deregulation of services and the opening of the telecommunications market in Argentina. Decree 764/00 approved the regulations that make up the effective regulatory framework: the Rules for Telecommunication Service Licenses, the National Interconnection Rules, the General Rules for Universal Services and the Rules for the Administration, Management and Control of the Radio Electric Spectrum.

The licensing regime is based on an Exclusive Telecommunications License that allows the licensee to render to the public any telecommunication services, be they fixed or mobile, wired or wireless, national or international, with or without own infrastructure.

Whatever their licenses, providers are required to register each of the telecommunication services to be rendered, without any limitation whatsoever as to the number and combination of services they may register. The following are the Telecommunication Services registered before the Argentine Secretariat of Communications on behalf of the Company's subsidiaries, merged companies and/or affiliates: Data Transmission, Paging, Videoconference, Community Signal, Signal Broadcasting, Added Value, Trunking, Internet Access, Public Telephony, Local Telephony, and National and International Long-Distance Telephony.

SECOM acts as the Enforcement Authority of the regulatory framework that governs the rendering of telecommunication services. In some cases, it acts together with the former Antitrust and Consumer Defense Secretariat, now the National Antitrust Commission (CNDC) and the Consumer Defense Secretariat, under the jurisdiction of the Secretariat of Domestic Trade. The rendering of telecommunication services is overseen by the Argentine Communications Commission (CNC), a decentralized agency regulated by Decree 1185/90, as amended.

The General Rules for Universal Services ("RGSU", for its Spanish acronym) approved by Decree 764/00, imposed the obligation on all providers to contribute one per cent (1%) of the total revenues accrued from telecommunication services, net of applicable taxes and charges, to the Universal Service Trust Fund ("FFSU", for its Spanish acronym). As a result, providers have been required to make this contribution since January 1, 2001. On November 30, 2010, a trust agreement was executed to govern the operation of the fund. The Company's subsidiaries, as well as its merged companies and/or affiliates, that render telecommunication services have carried out the necessary proceedings to comply with the obligation to

make contributions to the FFSU managed by Banco Itaú Argentina S.A.

Finally, SECOM Resolution No. 9/2011 created the "Infrastructure and Equipment" Program, whereby telecommunication service providers may submit projects aimed at developing new infrastructure, updating the existing one and/or acquiring equipment for areas not covered or with unsatisfied needs, for the purposes of fulfilling the obligation to make contributions to the Universal Service Trust Fund for the amounts accrued since January 2001 and until Decree No. 558/08 came into effect. On June 21, 2011 the Company submitted projects aimed at developing new infrastructure in neighborhoods located in the cities of Posadas, Resistencia and Corrientes.

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

Cablevisión believes that, if the CNDC acts as it did in the case of the three dismissed direct appeals, this appeal is unlikely to be admitted.

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

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

The merger commitment was executed on February 12, 2009 and has been filed with the CNV pursuant to applicable regulations that require administrative approval. As of the date of these financial statements, such merger is pending administrative approval by the CNV and registration with the IGJ.

On September 3, 2009, the COMFER issued Resolution 577/09, whereby it withheld approval of the Cablevisión-Multicanal merger and required Cablevisión to submit a conforming plan, holding that the relinquishment of licenses spontaneously reported by that Company to the COMFER was insufficient in the locations where it held multiple licenses.

On September 8, 2009, Multicanal was served with Resolution No. 106/09 issued by the CNDC on September 4, 2009, whereby the CNDC ordered an audit to articulate and harmonize the several aspects of Resolution No. 577/09 issued by the COMFER with

Resolution No. 257/07 issued by the Secretariat of Domestic Trade. Resolution No. 106/09 also sets forth that the notifying companies shall not, from the enactment thereof and until the end of the audit and / or resolution from the CNDC, be able to remove or replace physical or legal assets.

On September 17, 2009 Judge Dr. Esteban Furnari from Federal Administrative Court in Administrative Litigation Matters No. 2, in re "Multicanal and Other v. Conadeco- Decree 527/05 and other on Proceeding leading to a declaratory judgment", ordered the suspension of the effects of Resolution No. 577/09 issued by the COMFER, of Resolution No. 106/09 issued by the CNDC, and other acts issued as a result thereof, until a final decision was rendered on these cases. The order was notified to the CNDC, the CNV, the BCBA, Caja de Valores S.A., the IGJ and all other public entities, state-owned or not, in charge of carrying out proceedings concerning the merger.

On October 23, 2009, the court decision providing for the suspension of COMFER Resolution No. 577/09 and CNDC Resolution No. 106/09 was revoked by the Federal Administrative Court of Appeals, Chamber No. 3 in re "Multicanal and Other v. Conadeco- Decree 527/05 and other on Proceeding leading to a declaratory judgment". Therefore, the calculation of the suspended terms was automatically resumed. On that basis, on December 1, 2009, Cablevisión ratified the filing it had made with the COMFER at the time of the merger, and specified the licenses to which it had decided to maintain title. On December 16, 2009, the Federal Administrative Court of Appeals, Chamber No. 3 in re "Multicanal and other v. Conadeco Decree 527/05 and other on Proceeding leading to a declaratory judgment" File No. 14,024/08, granted the appeal filed by Multicanal and Grupo Clarín against the decision rendered by that same court on October 23, 2009. With the granting of that appeal, Cablevisión's preliminary injunction regained full force and effect. Accordingly, on January 8, 2010 Cablevisión notified the COMFER in this regard.

Subsequently, on March 9, 2011, the Supreme Court of Argentina in re “Multicanal and Other v./ Conadeco - Decree 527/05 and other on Proceeding leading to a declaratory judgment”, granted the appeal by application and the appeal by right filed before the Supreme Court by the National Government against the decision rendered by the Federal Administrative Court of Appeals, Chamber No. 3, that affirmed the preliminary injunction requested by Cablevisión in the first instance, revoking it. Notwithstanding the foregoing, Cablevisión believes that this matter does not have a material impact on the substantive issues.

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

On December 11, 2009, Cablevisión notified the CNDC of the completion and corresponding verification of the fulfillment of the voluntary undertakings made by Cablevisión at the time of the enactment of SCI Resolution No. 257/07, which had approved the acquisitions notified by the Company at that time. On December 15, 2009, the Federal Commercial and Civil Court of Appeals, Chamber No. 2, issued a preliminary injunction in re “Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions” (case 10,506/09), partially acknowledging the preliminary injunction Grupo Clarín requested, and instructing the CNDC and the SCI to notify Grupo Clarín whenever their own verification of Cablevisión's fulfillment of its undertakings had been concluded, regardless of their result. Should such agencies have any observations, they should notify Grupo Clarín within a term of 10 days. On the same date, the CNDC issued Resolution No. 1011/09 whereby it deemed Cablevisión's voluntary undertakings unfulfilled and declared the rescission of the authorization granted under Resolution 257/07.

On December 17, 2009, the Federal Court of Appeals in Commercial-Criminal Matters, Chamber A, decided to suspend the term to appeal Resolution No. 1011/09 until the main case was transferred back to the CNDC, considering it had been in such court since December 16, 2009.

On December 17, 2009, the CNDC notified Cablevisión of the initiation of the motion for execution of Resolution No. 1011/09. On December 18, 2009 the Federal Commercial and Civil Court of Appeals, Chamber No. 2, issued a preliminary injunction in re “Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions”, which suspended the effects of Resolution No. 1011/09 until the notice set forth in the preliminary injunction of December 15, 2009 was served. Accordingly, the CNDC served notice to Cablevisión by means of Resolution No. 1101/09.

On December 30, 2009, the Federal Commercial and Civil Court of Appeals, Chamber No. 2, issued a preliminary injunction in re “Grupo Clarín S.A. v. Secretariat of Domestic Trade and other on preliminary injunctions”, partially acknowledging Grupo Clarín's request and suspending the term for Grupo Clarín to respond to Resolution No. 1101/09 until Grupo Clarín is granted access to the administrative proceedings related to the charges brought by the CNDC in its Opinion No. 770/09 (on which Resolution 1011/09 was based).

On February 19, 2010, Cablevisión requested the nullification of the notice, and as a default argument, submitted the response requested under Resolution No. 1101/09. On February 26, the Federal Court of Appeals in Commercial-Criminal Matters approved the recusation filed by Cablevisión and excluded the Secretary of Domestic Trade from the proceedings.

On March 3, 2010, the Argentine Ministry of Economy and Public Finance issued Resolution No. 113 (subscribed by the Minister of Economy, Dr. Amado Boudou) rejecting the request for the nullification of Resolution No 1011/09, the request for abstention and excusation of certain officials, and all the



evidence produced in connection with such request for nullification. The voluntary undertakings made by Cablevisión at the time of Resolution 257/07 were deemed unfulfilled, thus declaring the rescission of the authorization granted under such resolution. The parties involved were ordered to take all necessary actions within a term of six months to comply with such rescission and inform the CNDC about the progress made on a monthly basis. Such resolution was appealed in due time and form. The appeal was granted without staying the execution of judgment. Such appeal is currently pending before Chamber II of the Federal Civil and Commercial Court of Appeals in re “AMI CABLE HOLDING and other on/ Appeal of the National Antitrust Commission Resolution” (File 2054/2010).

On March 3, 2010, an action was brought seeking the nullification of COMFER Resolution No. 577/09. Upon being served with this action, COMFER filed an exception, which was responded by Cablevisión.

On April 20, 2010 the Federal Commercial and Civil Court of Appeals, Chamber No. 2, granted the appeal by right filed by Grupo Clarín S.A. in re “Grupo Clarín on delay in the remittance of the proceedings”, and decided that the appeal granted by the CNDC to the Company against Resolution No. 113/10 had the effect of staying such resolution.

The National Government filed an appeal asking that the Court of Appeals revoke its own decisions with respect to the effect granted to the April 20 decision, and that it decline its jurisdiction. It also filed an extraordinary appeal. Both appeals were dismissed. Chamber No. 2 requested the administrative file and the Court's decision is pending. Cablevisión considers that it has strong grounds to have the effects of the above Resolution suspended and therefore has brought the relevant legal actions. However, it cannot assure that the outcome will be favorable.

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

d. Cablevisión, by itself and as successor of Multicanal's operations after the merger, is a party to several administrative proceedings under the Antitrust Law, facing charges of anticompetitive conduct, including territorial division of markets, price discrimination, abuse of dominant position, refusal to deal and predatory pricing, as well as a proceeding filed by the Cámara de Cableoperadores Independientes (Chamber of Independent Cable Operators), challenging the transactions consummated on September 26, 2006. While Cablevisión believes that its conduct and that of Multicanal have always been within the bounds of the Argentine Antitrust Law and regulations and that their positions in each of these proceedings are reasonably grounded, it can give no assurance that any of these cases will be resolved against it.

e. On July 16, 2010, the SCI notified Cablevisión and Multicanal of the content of Resolution 219/2010, whereby the Secretary of Domestic Trade decided to declare both companies responsible for having agreed to divide among themselves the pay television market of the City of Santa Fe; imposing a joint fine of Ps. 2.5 million to each company. On July 26, 2010, Cablevisión and Multicanal appealed the resolution, presenting new arguments in connection with the application of statutes of limitation, which had already been alleged prior to the issuance of the appealed resolution.

On March 1, 2011, the SCI notified Cablevisión and Multicanal of the content of Resolution No. 19/2010, whereby the Secretary of Domestic Trade decided to declare Cablevisión and Multicanal liable for having agreed to divide among themselves the pay television market of the City of Paraná; imposing a joint and several fine of Ps. 2.5 million to each company. Cablevisión has filed an appeal in due time and form. Such appeal was rejected by the Federal Court of Appeals of Paraná. Cablevisión filed an appeal with the Supreme Court of Argentina. On November 4, 2011, the appeal filed by Cablevisión with the Supreme Court of Argentina regarding SCI Resolution No. 19/2010 was partially granted by the Federal Court of Appeals of Paraná.

While Cablevisión believes that its conduct and that of Multicanal have always been within the bounds of the Argentine Antitrust Law and regulations and that their positions in each of these proceedings are reasonably grounded, it can give no assurance that any of these cases will be resolved in its favor.

f. On January 22, 2010, Cablevisión was notified of CNDC Resolution No. 8/10 issued within the framework of file No. 0021390/2010 entitled "Official Investigation of Cable Television Subscriptions (C1321)". By means of such Resolution, Cablevisión and other companies were ordered to refrain from conducting collusive practices and, particularly, from increasing the price of cable television subscriptions for a term of 60 days, counted as from the date all required notices are certified as completed. According to said Resolution, companies which have already increased the price of the subscriptions shall return to the price applicable in November 2009 and maintain such price for the abovementioned term.

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

Both resolutions were appealed in due time and form and their effects were suspended by a preliminary injunction granted by the Federal Commercial and Civil Court of Appeals, Chamber No. 2, at Cablevisión's request.

Finally, on October 4, 2011, the same Chamber granted the appeal, declaring that the claim based on CNDC Resolution No. 8/10 was moot and nullifying CNDC Resolution No. 13/10.

The National Government appealed such decision before the Supreme Court of Argentina, which shall grant or dismiss the appeal.

g. On March 3, 2010, the SCI issued Resolution No. 50/2010, whereby it approved certain rules for the sale of cable television services. These rules provide that cable television operators must apply a formula to estimate the

monthly subscription prices. The price arising from the application of the formula must be informed to the Office of Business Loyalty (Dirección de Lealtad Comercial) between March 8 and March 22, 2010. Cable television operators shall adjust such amount every six months and inform the result of such adjustment to said Office. Such formula, which the SCI seeks to impose as mandatory, is illegitimate, inconsistent with industry parameters, and flagrantly disregards constitutional rights.

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

Even though Cablevisión, like other companies in the industry, have strong constitutional arguments to support their position, it cannot be assured that the final outcome of this issue will be favorable. Therefore, Cablevisión may be forced to modify the price of its cable television subscription, a situation that could significantly affect the revenues of its core business. This situation creates a general framework of uncertainty over the Cablevisión's business, which may significantly affect the recoverability of its significant assets. Notwithstanding the foregoing, as of the date of these financial statements, in accordance with the decision rendered on August 1, 2011 in re "LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretary of Domestic Trade", the Federal Court of Appeals of Mar del Plata has ordered the SCI to suspend the application of Resolution No. 50/2010 with respect to all cable television licensees represented by the Argentine Cable Television Association (ATVC, for its Spanish acronym). Such decision was served on the SCI and the Ministry of Economy on September 12, 2011, thereby becoming fully effective. Consequently, the SCI may not disregard it.

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

On March 10, 2011 SCI Resolution No. 36/2011 was published in the Official Gazette. This Resolution follows the guidelines of SCI Resolution 50/2010. Resolution No. 36/2011 sets forth the parameters to be applied to the services rendered by Cablevisión to its subscribers from January through April, 2011. These parameters are as follows: 1) the monthly basic subscription price shall be Ps. 109 for this period; 2) the price of other services currently rendered by Cablevisión shall remain unchanged as of the date of publication of this resolution; 3) as to the promotional benefits, existing rebates and/or discounts, the company shall maintain those already granted as of that same date. As mentioned in this resolution, Cablevisión shall reimburse the users for any amount collected above the price set for this period.

In connection with the above, Cablevisión believes that this resolution is illegal and arbitrary since it is grounded on Resolution 50/2010, which is absolutely null and void. Accordingly, Cablevisión requested the suspension of the effects of that Resolution and Resolution No. 50/2010.

Such request was resolved in Cablevisión's favor in re "CABLEVISION S.A. v/ National Government (Secretariat of Domestic Trade - Ministry of Economy and Public Finance) on/ Preliminary Injunction" (file No. 6-C-11) pending before Federal Court No. 1 of the City of Córdoba. The court suspended the effects of Resolutions No. 50/10 and 36/2011 with respect to CABLEVISION S.A., its branches and subsidiaries, ordering the Secretariat of Domestic Trade and the Ministry of Economy to refrain from executing and/or enforcing such resolutions. The injunction was appealed by the National Government and the Federal Court of

Appeals of the City of Córdoba declared that it lacked territorial jurisdiction.

The case has been transferred to Federal Administrative Court No. 7, under Judge Cristina Carrión de Lorenzo. Cristina Carrión de Lorenzo declared that she lacked subject matter jurisdiction, and that the case should be heard by an economic criminal court. Such declaration was appealed by the National Government. Chamber IV of the Federal Administrative Court of Appeals decided that it had jurisdiction over this proceeding and revoked the injunction that had been effective up to that moment.

Notwithstanding the foregoing, an ordinary proceeding is currently pending before Federal Administrative Court No. 7 seeking the nullification of Resolution No. 50/2010.

On April 25, 2011, by virtue of a preliminary injunction requested by Mr. Gustavo Traverso (user of cable television services), the Federal Court of Junín ordered Cablevisión to rebill the service to this user for Ps.109, to reimburse any amount collected exceeding such amount in connection with such service and to refrain from interrupting or modifying the service until the court rules on the merits pursuant to Resolutions No. 50/2010 and 36/2011. Subsequently, since Cablevisión believes that the application of such Resolutions has been suspended with respect to such company, its branches and subsidiaries, on May 4, 2011 Cablevisión requested the reversal of such injunction and filed a subsidiary appeal.

On May 2, 2011 the SCI issued Resolution No. 65/2011 extending the effectiveness of Resolution No. 36/2011 for two months (May and June 2011). On June 30, 2011, the SCI issued Resolution No. 92/2011 extending the effectiveness of such resolution for the months of July and August, 2011. Additionally, on August 31, 2011 the SCI issued Resolution No. 123/2011 setting the price of the cable television subscription at Ps. 116 and extending such effectiveness for two additional months (September and October, 2011). On October 31, 2011, the SCI issued Resolution No. 141/2011 extending such effectiveness for two additional months (November and December, 2011). Finally, on December 29, 2011 the

Secretariat of Domestic Trade issued Resolution No. 10/2011 extending such term for another three months (January, February and March 2012). Cablevisión believes, however, that given the terms under which the Federal Court No. 1 of the City of Córdoba granted the preliminary injunction, that is, ordering the SCI and the Ministry of Economy to refrain from executing and/or enforcing Resolutions No. 50/2010 and 36/2011, and also given the fact that Resolutions No. 65/2011, 92/2011 and 123/2011 merely extend the effectiveness of the latter, Cablevisión will continue to be protected by said preliminary injunction, and, therefore, its ordinary course of business will not be affected.

On October 28, 2011 Cablevisión was served with a preliminary injunction issued by the Federal Court of San Nicolás, ordering that company to stop charging Ps. 143 for the monthly fee, as provided under Resolution 50/2010. Cablevisión filed an appeal against such injunction in due time and form. See Note 14.b.

On July 14, 2011, in re "Asociación de Consumidores de Vicente López v./ Cablevisión S.A. on/ specially expedited summary proceeding" - which is pending before the Federal Court of First Instance in Civil, Commercial and Administrative Litigation Matters No.1 of San Martín, Clerk's Office No. 3 - Cablevisión was served notice of an order to readjust the July and August monthly cable television subscription fee payable by the users domiciled in Vicente López to Ps. 109. Pursuant to the court's decision, subscribers who have already paid their July bills should have all amounts paid in excess deducted from their August bills. Cablevisión filed an appeal in due time and form because it believes that the application of Resolutions No. 50/2010 and 36/2011 has been suspended by way of a preliminary injunction with respect to such company, its branches and subsidiaries. Such appeal is still pending resolution.

On July 18, 2011, Cablevisión was served notice of a collective injunction issued on June 24, 2011 by the Consumer and User Defense Administration of the City of Quilmes pursuant to Law No. 13,133. Such Administration ordered Cablevisión to cease immediately to

charge and/or require payment of a basic subscription fee of more than Ps. 109 for its paid television services with respect to all users domiciled in Quilmes, regardless of the mechanism and amounts provided under Resolutions No. 50/2010, 36/2011 and 65/2011 issued by the SCI, or under any future resolution that may amend or replace them. The injunction also orders Cablevisión to refrain from altering the service conditions and to provide the means to secure the refund of any amount paid by the users in excess of Ps. 109. On July 28, 2011, Cablevisión requested the reversal of the injunction. In both cases, Cablevisión filed a subsidiary appeal, expressly requesting the suspension of the effects of the injunction, based on the fact that the application of Resolutions No. 50/2010 and 36/2011 has been provisionally suspended.

h. On August 5, 2010, Cablevisión was served with CNC Resolution No. 2936/2010 within the framework of Administrative Proceeding File No. 2,940/2010, pursuant to which Cablevisión and/or any other individual or entity through which the services relating to the licenses and registrations granted to FIBERTEL S.A. ("Fibertel") may be rendered shall refrain from adding new subscribers and from altering the conditions under which the services are currently rendered.

To decide as it did, the Argentine Communications Commission disregarded the corporate reorganization that was completed and registered before the IGJ, whereby Fibertel merged into Cablevisión effective as of April 1, 2003. By virtue of the merger, Cablevisión became the successor to all of the assets, rights and obligations of Fibertel as merged company, including the Exclusive License granted under SECOM Resolutions No. 100/96, 2375/97, 168/02 and 83/03. Therefore, Fibertel did not transfer or divest of its rights and obligations to third parties - among them, those derived from the above-mentioned Exclusive License. Fibertel continued to carry out its activities through Cablevisión as surviving company. In order to implement the above-mentioned corporate business reorganization, on March 5, 2003, the Argentine Communications Commission and the SECOM were notified of the corporate business reorganization for its

acknowledgement. The technical and legal areas of the Argentine Communications Commission issued a favorable resolution with respect to the compliance with the requirements of current regulations to register Fibertel's license under the name of Cablevisión. SECOM had a term of 60 days to decide on the corporate business reorganization. However, such agency failed to render a decision as required by the applicable regulations. Not until August 19, 2010 did SECOM issue Resolution No. 100/2010, revoking Fibertel's license.

Cablevisión believes that the Resolution is arbitrary and that it flagrantly violates due process and its defense right. Therefore, Cablevisión has appealed such resolution. The appeal is still pending as of the date of these financial statements.

i. On August 19, 2010 the Media Secretariat issued Resolution No. 100/2010, whereby it revoked the license that had been granted to Fibertel. The Company believes that this Resolution is an absolutely null and void administrative act, which may not be cured, because it presents evident defects in its enactment procedure and with respect to jurisdiction, purpose, reasonableness, subject matter and cause. Its wording contradicts express provisions of the National Constitution, of Law No 19,550 (Argentine Business Associations Law), Decrees 1185/90 and 764/00 and Law No. 19,549 of Administrative Procedures, among others. The Resolution disregards the several filings made by Cablevisión with the Media Secretariat requesting such agency to issue an administrative act evidencing that Cablevisión S.A., pursuant to section 82 of the Argentine Business Associations Law, is the successor of Fibertel and, therefore, the holder of the exclusive telecommunication service license and of the registrations that had been previously granted to Fibertel. More than eight years after that request, in spite of the existence of a draft of a favorable decision in the case file, with a completely arbitrary attitude that contradicts other precedents of the same agency, and without prior notice that would have allowed Cablevisión to exercise its defense right, the SECOM ordered that the license be revoked and that the users migrate within 90 days of the resolution's notification. On August 26, 2010

Cablevisión filed an appeal requesting the reversal of the resolutions, and if such appeal is rejected, a subsidiary appeal against that Resolution before the highest administrative authority. The scope of the appeal was extended on September 7, 2010. The appeal was dismissed pursuant to SECOM Resolution No. 132/2010 dated October 7, 2010. However, since Cablevisión had filed a subsidiary appeal to have the case heard by the highest administrative authority; the file was submitted to the Ministry of Federal Planning, Public Investment and Utilities. As of the date of these financial statements, this appeal is pending resolution.

On December 22, 2010 the Federal Court of First Instance No. 1 of Córdoba in re "Soutullo, Torres María Florencia and others v. Cablevisión and others on Declaratory Judgment Action - File No. C/103-S-10", decided to: 1) issue an injunction to maintain the current legal and factual conditions under which Cablevisión provides and markets telecommunication, Internet and television services under the brands "FIBERTEL" and "CABLEVISIÓN"; 2) suspend the application and execution of Secom Resolution No. 100/2010 issued on August 19, 2010. Pursuant to the Federal Court's decision, the Secom shall refrain, itself and/or through any of its bodies and/or agencies, from disrupting the effective exploitation of the Exclusive Telecommunications License currently held by "CABLEVISIÓN" under the brand "FIBERTEL". Such license includes the commercialization of data transmission, paging, videoconference, community signal, signal broadcasting, added value, trunking, local telephony and public telephony services. The Federal Court's decision includes the suspension by the Audiovisual Communication Services Law Federal Enforcement Authority, with respect to Cablevisión and its subsidiaries, of the application of section 50, sub-section "Continuity of Service", Schedule I of Decree No. 1225/10; 3) take into account that under the network structure and modality of Internet and pay television services rendered by Cablevisión, the injunction considers the nationwide integration of the system. Notice of the injunction was served on the National Government - Argentine Media Secretariat (SECOM), Audiovisual Communication Services Law Federal Enforcement Authority

(AFSCA), the Argentine Communications Commission (CNC), and any other national, provincial or municipal body, so that they may refrain from preventing, hindering and/or hampering in any way the effective provision and commercialization of the services rendered by “CABLEVISIÓN” and/or “FIBERTEL”. On July 21, 2011, the Federal Court of Appeals of Cordoba, Chamber A, revoked such preliminary injunction. Cablevisión filed an appeal with the Supreme Court of Argentina against this decision, but it was dismissed.

On February 24, 2011, the Federal Commercial and Civil Court of the City of Buenos Aires, Chamber No. 3, in re “ANTITRUST ASSOCIATION V. NATIONAL GOVERNMENT MEDIA SECRETARIAT ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS” confirmed the decision rendered in the first instance, stating that the National Government, Media Secretariat, shall refrain from disrupting or limiting in any way the rendering of Internet access services offered by Cablevisión. It also partially changed the above decision by broadening its effects, ordering the National Government to refrain from enforcing Resolution No. 100/2010, thus allowing new customers to subscribe to the Internet access services offered by Cablevisión.

On December 16, 2011, Federal Commercial and Civil Court No. 3, Clerk’s Office No. 5 issued a related injunction in re “CABLEVISION S.A. v. NATIONAL GOVERNMENT ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS”, ordering the suspension of the effects of SECOM Resolution No. 100/2010 and also guaranteeing new subscribers the possibility to subscribe to the Internet Access service offered by Cablevisión.

Therefore, Cablevisión is authorized to continue to render the telecommunication services granted to Fibertel.

Cablevisión will resort to all available administrative and judicial remedies available in order to have SECOM Resolution No. 100/2010 declared null and void. Even though Cablevisión has strong grounds that support its position, it cannot be assured that the final outcome of this issue will be favorable.

There are currently more than ten pending summary proceedings to protect constitutional guarantees brought by consumers and/or consumer associations demanding that Cablevisión continue to render the Internet service as it has done to date, and requesting that SECOM Resolution No. 100/2010 be declared unconstitutional. As of the date of these financial statements, two of these proceedings have been dismissed and the rest has not been decided upon yet.

On December 20, 2011, at the request of Cablevisión, a new preliminary injunction was issued in re “CABLEVISION S.A. v. National Government - Argentine Secretariat of Communications on COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS”. On the basis of the above-mentioned precedent, and on the existing connection between the subject matters of both cases, as alleged by Cablevisión, the injunction ordered the suspension of the effects of SECOM Resolution No. 100/10.

j. On September 10, 2010, the National Administration of Domestic Trade notified Cablevisión that a Ps. 5 million fine had been imposed for promoting the Fibertel service without being the holder of the license (section 7 of Law 24,240), consequently providing wrong information to the client (section 4 of Law 24,240) and for the impossibility of honoring the promotion by reason of not being the holder of Fibertel’s license (section 19 of Law 24,240). Cablevisión has appealed that decision because it considers that there are sufficient arguments in favor of its position. The file was assigned No. 1276 and is pending before Chamber II of the Federal Administrative Court of Appeals. However, Cablevisión cannot assure that the outcome of the appeal will be favorable.

k. On October 21, 2010, Cablevisión was served notice of a resolution from the National Administration of Domestic Trade, whereby (i) a Ps. 5 million fine was imposed for failure to comply with reporting obligations (section 41 of Law 24,240) on one of its promotional campaigns and (ii) a Ps. 500 thousand fine for failing to comply with Decree 1153/95 Section 2, c) of the regulations to Section 10 of Law 22,802. Cablevisión has appealed the fines

because it believes it has strong arguments in favor of its position. The file was assigned No. 1281 and is pending before Chamber II of the Federal Administrative Court of Appeals. On October 4, 2011, the Chamber partially affirmed Resolution 739/10 and reduced the amount of the fine to Ps. 2.2 million, imposing 75% of the legal costs on Cablevisión. On October 13, 2011 Cablevisión filed a federal ordinary appeal, and on October 20, 2011 it filed a federal extraordinary appeal to have the case heard by the Supreme Court of Argentina in the event that the federal ordinary appeal may be dismissed. However, Cablevisión cannot assure that the outcome of the appeal will be favorable.

l. On October 28, 2010, Cablevisión was served notice of the National Administration of Domestic Trade's resolutions imposing two fines of Ps. 5 million each, for allegedly failing to observe the typographic character requirements under applicable regulations (Resolution 906/98) when informing its subscribers of the increase in the price of their cable television subscriptions. On November 12, 2010 Cablevisión appealed these fines because it believes it has strong arguments in favor of its position. However, it cannot be assured that the outcome of the appeals will be favorable. One of the files was assigned No. 1280 and is pending before Chamber I of the Federal Administrative Court of Appeals, and the other one was assigned No. 1278 and is pending before Chamber V of the Federal Administrative Court of Appeals.

m. On May 23, 2011, Supercanal S.A. filed a claim for the protection of constitutional rights (acción de amparo) before the Federal Court of Mendoza against Cablevisión, Grupo Clarín and other co-defendants, requesting that they refrain from exercising alleged anti-competitive practices and that the assets, liabilities and businesses that used to belong to Multicanal and that were subsequently merged into Cablevisión (see Note 8.2.c) be separated from the other assets, liabilities and businesses of Cablevisión and transferred to third parties.

Together with the claim for the protection of constitutional rights, Supercanal requested a preliminary injunction - for the same purposes - which was granted on December 16, 2011. The

injunction orders the separation of the assets, liabilities and businesses that used to belong to Multicanal and that were subsequently merged into Cablevisión within a term of 60 days. It also appoints, for a term of twelve months, a court-appointed supervisor (interventor) and co-administrator who shall enforce the injunction, order the changes to such company's management required for the effective enforcement of the duties to be fulfilled by the Board of Directors, and also report on a monthly basis to the court about his/her performance. Such court-appointed supervisor (interventor) and co-administrator shall have the obligation to conduct the necessary actions aimed at fulfilling the actions ordered pursuant to the injunction.

Cablevisión filed an appeal against such injunction and presented the grounds for its defense. Such appeal is still pending resolution.

Cablevisión also requested the replacement of this injunction with a less burdensome one that could largely cover the risks alleged by Supercanal in its claim. The judge hearing the case has not yet decided upon this request.

Cablevisión believes that it has strong grounds for the judge to revoke the preliminary injunction and to decide that the Federal Court of Mendoza lacks jurisdiction given that the company does not operate in that province. In spite of this, Cablevisión cannot assure the outcome of the appeals.

### **8.3. Other regulatory matters**

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

The purpose of that claim was to challenge the share transfers mentioned in Note 8.2.b. and to request the revocation of Cablevisión's broadcasting licenses. Cablevisión has responded to such claim and believes it is very unlikely that it will be admitted.

b. The Government of the City of Mar del Plata enacted Ordinance No. 9163, governing the

installation of cable television networks. Such ordinance was amended and restated by Ordinance No. 15981 dated February 26, 2004, giving cable companies until December 31, 2007 to adapt their cable networks to the new municipal requirements. The ordinance sets forth that in those areas where street lighting has underground wiring, cable television networks are to be placed underground. In this sense, the Executive Department of the Municipality of General Pueyrredón has submitted to the Municipal Council a proposed ordinance extending the term provided until December 31, 2015. Such ordinance is ready for discussion by legislators. Even though the ordinance provides for certain penalties that may be imposed, the City has not imposed such penalties to cable systems that are not in compliance with such ordinance.

c. On July 13, 2011 Uruguay's Executive Branch issued Decree No. 231/2011 revoking some of the broadcasting frequencies previously granted in 1993, 1994 and 2005 to two companies with which a subsidiary of Cablevisión has executed agreements. These frequencies are currently used by such companies to render digital and high-definition cable television services to subscribers. Such Decree awards both companies a lower number of new broadcasting frequencies accounting for a smaller portion of the radio electric spectrum. These changes in the award of frequencies, as established by such decree, shall be effective 18 months after the date on which the decree came into effect (December 13, 2012).

On July 22, 2011, the two companies filed an appeal requesting that such decree be revoked. Since the administration has not rendered any decision on the appeal within 150 days of the date on which the appeal was filed, administrative remedies are deemed exhausted. Therefore, the companies are entitled to bring a judicial claim requesting nullification of the decree before the Administrative Court, together with the request for the suspension of such decree.

#### **8.4. Claims brought by the COMFER (now AFSCA)**

Cablevisión

As from November 1, 2002 and until December

31, 2011, the COMFER and AFSCA initiated summary administrative proceedings against Cablevisión and Multicanal (merged into Cablevisión) for infringements of regulations regarding the content of programming. Accordingly, a provision has been set up in this regard.

#### **ARTEAR**

As of December 31, 2011, Artear recorded a provision in the amount of approximately Ps. 7.4 million for fines imposed by the COMFER and AFSCA under the new penalties regime currently in effect, some of which have been appealed and are pending resolution.

#### **8.5. Lawsuits and /or Claims**

Cablevisión

On December 12, 2001, Supercanal filed a claim against Multicanal for damages as a result of the enforcement of a preliminary injunction brought by Multicanal against Supercanal. Multicanal responded to such claim denying any liability. Based on de jure and de facto records of the case, Cablevisión, as successor of Multicanal's operations, believes that the claim filed should be rejected in its entirety, and the legal costs should be borne by the plaintiff. As of the date of these financial statements, the proceeding is at the discovery stage. The court of first instance dismissed Supercanal's request that it be allowed to sue without paying court fees or costs. This decision was ratified by the Federal Court of Appeals.

#### **CIMECO**

The AFIP served CIMECO with a notice challenging its income tax assessment for the fiscal periods 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 contingency as of December 31, 2011 would amount to approximately Ps. 12.3 million principal amount and Ps. 20.8 million 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 this year, the AFIP served CIMECO with a notice stating the income tax charges assessed for the periods 2003 through 2007 and ordering the initiation of summary proceedings. The AFIP's assessment shows a difference in the Income Tax liability for the above indicated periods in its favor 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. As of the date of these financial statements, CIMECO has not received a response from the tax authorities.

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

#### ARTEAR

As from 2005, the ANA brought various claims against all holders of broadcast and cable television licenses for the payment of tariffs and customs taxes applicable to the importation of films documented between 2000 and 2005. According to ANA, television licensees are liable for customs duties, VAT, and income taxes over the customs value of the films' physical support, which value is increased by the contractually agreed value of each film's broadcasting rights. ARTEAR challenged such claims based on applicable international agreements, scholars' opinions and case law. Based on the criterion applied by ARTEAR, that company paid other taxes during the period covered by ANA's claim

that would not have been payable had ANA's interpretation been applied. As of the date of these financial statements, ARTEAR has had to pay, in few specific cases, the differences claimed by ANA, because the appeals filed before the Federal Court of Appeals against the adverse decisions rendered by the National Tax Court do not have staying effect. In connection with the first adverse decision issued by the only chamber of the Federal Court of Appeals that issued a decision to date, and which was appealed by ARTEAR, the Supreme Court of Justice refrained from rendering a decision on the merits. This situation does not change the position of that company, which continues with the proceedings available for its defense. ARTEAR believes that its interpretation of customs legislation is reasonably grounded and that the arguments offered may change the tax authority's position. However, based on ARTEAR's and its legal advisors' expectations in this regard on certain cases, and taking into consideration the amounts temporarily remitted, ARTEAR has recorded a provision of Ps. 1.8 million. Nevertheless, ARTEAR believes that ANA's claims are contrary to the estoppel doctrine and the theory of the releasing effect of payment. Until 2005, ANA believed that customs duties should be paid on the value of the films' physical support without including the broadcasting rights paid abroad by that company.

#### TRISA

On September 10, 2010, 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 the fiscal periods 2004, 2005 and 2006. If AFIP's position prevails, TRISA's contingency would amount to approximately Ps. 28.9 million, out of which Ps. 9.3 million corresponds to taxes on dividend payments made during those years, Ps. 6.5 million corresponds to a 70% fine on the omitted tax, and Ps. 13.1 million corresponds to late-payment interest.

TRISA filed a response, which was dismissed by the tax authorities. The tax authorities issued their own official assessment and imposed penalties on December 20, 2010. TRISA

appealed the tax authorities' resolution before the National Tax Court on February 8, 2011.

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

#### **8.6. Other undertakings**

##### **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.

##### **CMD**

Pursuant to CMD's acquisition of 60.0% of Interpatagonia S.A.'s 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.

Subsequently, in connection with the stock purchase mentioned in Note 9.1.e., on August 17, 2011, CMD and the seller executed a new agreement 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, which is effective from August 1, 2014 to December 31, 2014.

#### **8.7. Administrative disputes**

##### **a) 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 No. 2 of First Instance, 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.

None of the claims mentioned in the above paragraphs had a material effect on AGEA's financial and economic condition as of December 31, 2011.

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 in Administrative Litigation 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 in Administrative Litigation Matters revoked the injunction. Papel Prensa appealed such decision, which was affirmed by the Federal Administrative Court of Appeals. 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. Therefore, as from such date, SCI Resolution 1/2010 has become fully effective again on Papel Prensa.

III. Papel Prensa suspended its operations with related parties between March 9 and April 21, 2010 due to an injunction issued on March 8, 2010 by Judge Malde. In his ruling, he decided to suspend the Board of Directors' resolution of December 23, 2009, which had approved the conditions under which the operations with related parties for the year 2010 were carried out. On April 21, 2010, the Board of Directors of Papel Prensa, in accordance with a proposal made by the court-appointed supervisor (interventor) and co-administrator, approved the resumption of such company's operations with related parties under provisional conditions for as long as the decision rendered by the Board on December 23, 2009 remains suspended and/or until Papel Prensa's corporate bodies establish 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 the operations 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 the new conditions 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) to end the provisional suspension approved by the Board meeting of December 23, 2009, as explained in the previous paragraph, and (ii) to clarify and/or cease, by any means, any uncertainty that could eventually exist about the conditions approved by Papel Prensa's Board in the first item of the agenda of the above mentioned meeting held on April 21, 2010 in connection with 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 No. 26 of First Instance, 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 operations with related parties in connection with the purchase and sale of paper approved by Papel Prensa's Board 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 business practice previously approved, subjecting the accrual and enforceability, and, consequently, the recognition and payment to the clients, of the eventual volume discounts that may be applicable to them as a result of paper purchases made during 2011, as from January 1, 2011 and until December 31, 2011, to a final favorable ruling in the action brought by Papel Prensa on grounds of unconstitutionality against 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 happens first. In connection with related parties, the Board approved the same business practice and conditions as those approved for the other clients in general.

In a meeting held on December 27, 2011 Papel Prensa's Board of Directors decided to maintain during 2012 the same business practice that had been approved for 2011 - under the same terms and conditions described in the preceding paragraph - for all of its customers in general (including related parties).

The business practice approved by Papel Prensa was affected by Law 26,736 -effective as from January 5, 2012- which declared a matter of public interest the production, sale and distribution of wood pulp and newsprint and set forth the regulatory framework that will apply to 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 newsprint demand - 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, Ministry of Economy and Public Finance Resolution No. 9/2012 or SCI Resolution No.

4/2012 issued in connection with that 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 (Minute No. 981) and August 5, 2011 (Minute No. 982). 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, the resolution was also limited in its effects by a decision rendered on September 15, 2011 by the judge in charge of Commercial Court No. 5, Clerk's Office No. 9, who granted 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 had 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 that regard, on October 3, 2011 at the hearing held before the Federal Commercial Court No. 26 of First Instance, Clerk's Office No. 52, the

National Government, Papel Prensa, AGEA and the other private shareholders 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.

V. 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 consolidated financial statements as of December 31, 2011.

b) By means of Resolution 16364/2010, 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 to the Argentine Business Associations Law, Decree 677/01 and Law 22,315. AGEA, as well as 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.

c) AGEA received several inspections from the AFIP aimed at verifying compliance with the so-called competitiveness plans implemented by the National Executive Branch. As a result of such inspections, after several reports issued by the AFIP and the corresponding Resolutions issued by the Ministry of Economy, such bodies allege that certain acts performed by AGEA during 2002 lead to the nullity of some of the benefits granted under said plans for an estimated amount of Ps. 44 million. AGEA and its legal counsel believe that there are sufficient arguments in favor of AGEA's position and, accordingly, no provision has been recorded. An ordinary legal action has been brought by AGEA against such Resolutions. As of the date of these financial statements, such legal action is pending resolution. However, AGEA cannot assure that the outcome will be favorable.

## Note 9

### Equity interests

#### 9.1. Acquisition and disposal of equity interests

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

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

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. These transactions are subject to administrative approvals.

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. These transactions are subject to administrative approvals.

d. On February 10, 2011, CMD sold to a third party all of its shares of Dinero Mail, for approximately USD 4.4 million in cash; part of the price was withheld as guarantee.

e. On August 17, 2011, CMD executed a stock purchase agreement, whereby it increased by 20% its interest in Interpatagonia S.A., where it

now holds 80% of the capital stock. CMD paid approximately Ps. 4.3 million in consideration for the shares.

f. On October 3, 2011 the Company's subsidiary AGR acquired 65.46% of the capital stock and votes of Cúspide Libros S.A. and 2.40% of the capital stock and votes of Librerías Fausto S.A.C.E.I. (controlled by Cúspide Libros S.A.). The transaction amounted to USD 2.8 million and Ps. 3.8 million.

#### **9.2. Distribution of dividends of Cablevisión**

On April 25, 2011, at the Regular Shareholders' Meeting of Cablevisión, a subsidiary under the Company's control, the shareholders decided to distribute dividends in the amount of Ps. 405 million, payable in two equal installments, out of which approximately Ps. 162 million belong to minority shareholders. The first installment was made available to Cablevisión's shareholders on May 4, 2011. On October 17, 2011 Cablevisión informed the CNV that the second and last installment of such dividends would be available as from October 19, 2011.

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### **Note 10**

#### **Agreements executed with the AFA**

On June 22, 2007 TRISA and TSC executed several documents with AFA, applicable from the 2007/2008 until the 2013/2014 soccer seasons, governing the broadcasting by TRISA of all of the National "B" soccer tournament matches and by TSC of ten of the Argentine soccer first division official tournament matches played each week. Out of those ten matches, TRISA broadcast five through TyC Sports.

On August 12, 2009, the AFA notified TSC of its decision to terminate unilaterally the above-mentioned agreement. TSC has 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 the AFA for contractual breach and damages.

On July 27, 2011, AFA unilaterally terminated the agreement that bound AFA and TRISA until the 2013/2014 soccer season for the broadcasting of all Argentine National "B"

soccer tournament matches. AFA's decision was absolutely arbitrary and illegitimate. TRISA has not breached any provision of the agreement, which does not expressly allow voluntary unilateral termination by either party without cause. Therefore, TRISA has challenged AFA's unilateral termination of the agreement.

In light of the events and until the situation is remedied, TRISA will not be able to broadcast the five weekly matches of the first division tournament or any of the National "B" soccer tournament matches that it used to broadcast on its signal TyC Sports.

The broadcasting rights for the matches of Metropolitan First B category are not governed by the above-mentioned agreements, but by an agreement that is in full force and effect as of the date of these financial statements.

The situation described had a significant impact on TRISA's revenues and costs. Therefore, it had to adjust its signal to these new circumstances. Nevertheless, TRISA has recorded decreased revenues as from August 2009 and made another estimate in the last quarter recognizing decreased revenues for the previous period, based on the progress of negotiations with each client and the new content of the signal.

The total revenues recognized by TRISA during the years 2011 and 2010, subject to the final outcome of the negotiation process, which has not been concluded as of the date of these financial statements, account for approximately 56% and 47% of the total sales of 2011 and 2010, respectively.

The final outcome of the negotiation process is uncertain and may, therefore, generate actual results different from TRISA's assessments and estimates as of the date of these financial statements.

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### **Note 11**

#### **Regulatory framework for broadcasting services**

In connection with the information disclosed in Note 15 to the Company's parent company

only financial statements, the Company's subsidiaries that exploit broadcasting services have duly followed all the procedures provided by the Enforcement Authority in spite of having challenged the validity or constitutionality of some regulations issued by the Enforcement Authority under Law 26,522 only in the event that such regulations may be considered valid, for the purposes of safeguarding their rights. Some of the procedures followed are:

- The procedure provided by AFSCA Resolution No. 1/2011, together with the Argentine Federal Revenue Service, regulating the tax applicable to broadcasting companies;
- The procedures provided by AFSCA Resolutions No. 2/2010, 3/2010 and 4/2010 whereby such agency: i) provided for a mandatory survey of all precarious and provisional licenses, authorizations and permits (Decree No. 1,357/89- Evidence of Request for "Re-registration") and of currently recognized (Resolution No. 753/COMFER/06 as amended) AM and FM radio stations and broadcast television stations within Argentina; ii) initiated a process aimed at reordering television services with limited reach; and iii) regulated the Registry of signals provided under Law 26,522 for the broadcasters to register signals to be broadcast in the Argentine territory;
- The procedure provided by AFSCA Resolution No. 173/2010 regarding the Audiovisual Communication Services Providers Information System;
- The procedures provided by Decree No. 904/2010 and AFSCA Resolution No. 175/2010 concerning the Signals and Production Companies Registry;
- The procedure provided by AFSCA Resolution No. 474/2010 ordering the creation of a schedule to comply with the minimum required content production quotas under section 65, subsection 2 of Law 26,522;
- The procedures provided by AFSCA Resolution No. 630/2010 which approved the Regulatory Framework for the Public Registry of Advertising Agencies and Producers. Such Resolution is aimed at regulating the sale of advertising spaces on broadcasting services

encompassing both Agencies advertising on the services governed by Law 26,522, as well as companies acting as intermediaries for the sale of advertising on such services.

Even though the Company's subsidiaries that are subject to these resolutions have complied with the required procedures, they have done so only in the event that such requirements may be considered valid, for the purposes of safeguarding their rights and in the understanding that both the Law and its regulations are still suspended.

Of particular note is the procedure implemented by Cablevisión to comply with AFSCA Resolution No. 296/2010. On September 8, 2010, such Resolution was published in the Official Gazette. This resolution provides guidelines for the organization of the programming grid that must be followed by the owners of pay TV audiovisual services. The resolution regulates section 65, subsections a) and b) of Law No. 26,522 and supplements the provisions of the regulations to the same section of Decree No. 1,225/2010. Cablevisión believes that both the provisions of Decree No 1,225/2010 and AFSCA Resolution No. 296/2010 are regulatory abuses and violate the right to freedom of press, guaranteed by the National Constitution.

In spite of Cablevisión's efforts to organize its programming grids in accordance with the provisions of section 65 of Law 26,522, AFSCA, disregarding the effectiveness of several court decisions ordering the suspension of this law and its regulations, has initiated multiple summary proceedings in connection with the cable television licenses of which Cablevisión is the lawful successor. AFSCA contends that Cablevisión failed to comply with the regulations set forth by AFSCA Resolution No. 296/2010. Cablevisión submitted the responses set forth under section 1, Exhibit II of AFSCA Resolution No. 224/2010 in connection with such accusations. A decision has been rendered on some of the summary proceedings and, as a result, a fine was imposed on Cablevisión. Cablevisión has appealed these decisions. Some of the appeals filed by Cablevisión have been decided against it and have again been appealed. Notwithstanding the above, none of the decisions imposing penalties is yet final.

Notwithstanding the foregoing, AFSCA Resolution No. 296/2010 had virtually no effectiveness because, due to its arbitrariness, it was repeatedly suspended by several court decisions, some of them as a result of appeals filed by Cablevisión and others filed by other providers. To date, two court decisions that order the Resolution's inapplicability are still into effect, to wit: i) the injunction issued in re "CODELCO v. NATIONAL GOVERNMENT -EXECUTIVE BRANCH on PRELIMINARY INJUNCTION" pending before the Federal Court of Salta which suspended, among others, the application of section 65 of Law 26,522 and its regulations. Even though such decision was revoked by the Federal Court of Appeals of Salta, the Court of Appeals' decision may be deemed not to be final since the affected party filed an extraordinary appeal, thereby restoring the effects of the decision rendered in the first instance and ii) the injunction ordered in re "CABLEVISIÓN S.A. v. NATIONAL GOVERNMENT AND OTHERS ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS" by the Federal Court of Appeals of Mar del Plata, whereby the decision rendered in the First Instance was revoked. Such decision rendered in the First Instance had ordered the dismissal of Cablevisión's request, ordering AFSCA to suspend - until a final decision was rendered on the matter - the application of the penalties derived from the alleged non-compliance with section 65 of Law 26,522 and Decree No. 1225/2010 and the application of section 6 of AFSCA Resolution No. 296/2010 on the grounds that Cablevisión's alleged serious non-compliance was not contemplated in the Law or in the Decree. The National Government filed an appeal with the Supreme Court against this decision. Such appeal is still pending resolution.

Between September and October 2011, AFSCA brought 46 charges of delegation of the exploitation of several licenses of which Cablevisión is currently the legal successor. The charges were brought within the framework of COMFER file No. 2005/08, concerning the registration of the corporate reorganization whereby Multicanal and Teledigital Cable, among other subsidiaries, merged into Cablevisión. Cablevisión has submitted the

appropriate responses on behalf of the merged licensees charged as indicated above, which to date have not been decided upon. Cablevisión believes it has strong grounds to reverse the charges brought by administrative and/or judicial means. As of the date of these financial statements, the responses submitted are still pending resolution.

AFSCA issued Resolution No. 432/2011 whereby it approved new bidding terms and conditions for the granting of licenses.

In order to properly understand this note, the Company's management recommends that it be read together with Note 15 to the parent company only financial statements.

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## Note 12

### **Award under the public bidding process conducted by the government of the city of Buenos Aires**

On June 7, 2007, the Government of the City of Buenos Aires issued Decree No. 316 whereby it approved a public bidding process to contract comprehensive digital services for educational purposes for elementary school students in the City of Buenos Aires. Such services include, but are not limited to, the delivery of one netbook per student and one notebook per teacher under a gratuitous bailment agreement, connectivity, first and second level support, content access control, replacement in case of theft or damage and new license, both with certain limitations. The bid was awarded to PRIMA for a five-year term, which will start after certain requirements have been met. As consideration, PRIMA would receive an amount per student, teacher and school.

As of December 31, 2011 the initial requirements have been met in order to bring the agreement into effect and to begin its billing.

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## Note 13

### Income tax

The following table shows the breakdown of consolidated net deferred tax assets as of December 31, 2011 and 2010, respectively (amounts stated in thousands of Argentine Pesos):

	December 31, 2011	December 31, 2010
Tax loss carryforward	74,029	35,428
Specific tax loss carryforward	477	5,768
Trade receivables	(19,835)	43,890
Inventories	1,508	861
Property, plant and equipment, net	(116,443)	(104,460)
Intangible Assets, net	(135,283)	(220,281)
Other assets	(3,718)	(3,920)
Other investments	(2,097)	7,835
Provisions	49,064	38,392
Accounts payable	18,930	4,242
Long-term debt	(17,917)	2,749
Other	(20,218)	(16,631)
Subtotal	(171,503)	(206,127)
Valuation allowance for net deferred tax assets - Exhibit E Consolidated	(31,274)	(26,978)
<b>Net deferred tax assets and liabilities</b>	<b>(202,777)</b>	<b>(233,105)</b>

The following table shows the reconciliation between the consolidated income tax charged to income for the years ended December 31, 2011 and 2010 and the income tax liability that would result from applying the current tax rate on consolidated income before income and assets taxes and the income tax liability assessed for each year (amounts stated in thousands of Argentine Pesos):

	December 31, 2011	December 31, 2010
Income tax assessed at the current tax rate (35%) on income before income tax	(435,284)	(458,118)
Permanent differences:		
- Equity in earnings (losses) from affiliates and subsidiaries	5,833	1,425
- Non-taxable income	(13,327)	(25,134)
- Presentation of financial statements in constant Argentine Pesos	(73)	(2,366)
- Other	(78)	1,453
Subtotal	(442,929)	(482,740)
Valuation allowance for net deferred tax assets charged to income - Exhibit E Consolidated	(8,933)	(6,267)
<b>Income tax charge</b>	<b>(451,862)</b>	<b>(489,007)</b>
Deferred income tax for the year	30,328	<sup>(1)</sup> 51,835
Deferred current income tax income (expense) for the year	(482,190)	(540,842)
Income tax charge	(451,862)	(489,007)
Tax on assets	(2,373)	(4,425)
<b>Total</b>	<b>(454,235)</b>	<b>(493,432)</b>

(1) Does not include Ps. 17.3 million corresponding to net deferred tax liabilities due to the deconsolidation of companies that took place during 2010.

As of December 31, 2011, the Company's and its subsidiaries' consolidated accumulated tax losses amount to approximately Ps. 212.8 million, which calculated at the current tax rate, represent deferred tax assets in the amount of Ps. 74.5 million. The following table shows the expiration date of the accumulated tax losses pursuant to statutes of limitations (amounts stated in thousands of Argentine Pesos):

Expiration year	Amount of tax loss carryforward
2011	2,686
2012	16,350
2013	15,754
2014	31,838
2015	23,872
2016	122,375
	<b>212,875</b>

#### Note 14

##### Subsequent events

a. On January 31, 2012, FADRA informed Grupo Carburando's subsidiary Mundo Show S.A. the unilateral rescission of the agreement executed in 2006 whereby FADRA assigned to that company the rights comprising image, sound and static advertising of motor racing at the road racing events Turismo Carretera and TC Pista until December 31, 2015. Mundo Show S.A. has challenged and rejected FADRA's unilateral rescission of the agreement and is analyzing the legal actions it will bring to safeguard its rights. In light of the events and until the situation is remedied, Mundo Show

S.A. will not be able to sell or export the audiovisual and static advertising rights of the above-mentioned motor racing events. Therefore, an allowance has been set up for impairment of goodwill and other assets related to such agreement in the amount of approximately Ps. 17 million.

b. On January 13, 2012, the Secretariat of Domestic Trade issued Resolution No. 2/2012 granting Cablevisión 24 hours to resume service to those subscribers who had duly paid their subscription fee in the amount established by the National Government. In its sixth section, the Resolution provides that if the company does not comply with its obligations thereunder, penalties may be imposed as provided by Law 20,680. On February 10, 2012, Cablevisión received a fine of Ps. 1 million for alleged non-compliance with such Resolution. Such fine has been appealed but no decision has been rendered on the matter yet.

c. On January 5, 2012, AFIP issued General Resolution No. 3252/12, establishing as from February 1, 2012 a prior disclosure regime applicable to all final destinations of imports for consumption implemented by means of a prior disclosure affidavit. This resolution was supplemented by General Resolutions No. 3255/12 and No. 3256/12, whereby a "Ventanilla Unica Electrónica del Comercio Exterior" (Foreign Trade Electronic Platform) was created. On February 9, 2012, AFIP issued General Resolution No. 3276/12 whereby it adds to the "Ventanilla Unica Electrónica del Comercio Exterior", as from April 1, 2012, information related to services that involve payment of amounts above certain thresholds rendered by foreign companies to Argentine residents and services rendered by Argentine residents to foreign companies.



**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

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**Héctor Horacio Magnetto**  
Chairman

## Allowances and Provisions

As of December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1 to the parent company only financial statements

### Exhibit E Consolidated

	Balance at the beginning of the year
<b>Deducted from assets</b>	
For doubtful accounts	128,836,360
For other doubtful accounts	3,394,672
For impairment of inventories	511,490
For investment impairment	355,609
For property, plant and equipment impairment and obsolescence of materials	15,634,149
For goodwill impairment	808,594,106
Valuation allowance for net deferred tax assets	26,978,226
Valuation allowance for Tax on assets	41,036,137
<b>Total as of December 31, 2011</b>	<b>1,025,340,749</b>
<b>Total as of December 31, 2010</b>	<b>1,047,719,435</b>
<b>Included in liabilities</b>	
For contingencies	155,378,087
<b>Total as of December 31, 2011</b>	<b>155,378,087</b>
<b>Total as of December 31, 2010</b>	<b>129,763,743</b>

(1) Includes Ps. 42,375,748 corresponding to net increases which have been charged to Selling expenses (see Exhibit H) and Ps. 190,942 which have been charged to Financing and holding results.

(2) Includes Ps. 6,906,490 charged to Financing and holding results.

(3) Charged to Income tax.

(4) Charged to Tax on assets.

(5) Includes Ps. 51,505,339 corresponding to net increases which have been charged to Contingencies (see Exhibit H) and Ps. 5,421,307 which have been charged to Financing and holding results.

(6) Charged to Other income (expense), net

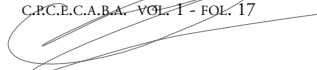
(7) Charged to Financing and holding results.

Additions (retirements) from consolidation / deconsolidation of subsidiaries			Balances as of	Balances as of
	Increases	Decreases	December 31, 2011	December 31, 2010
-	<sup>(1)</sup> 48,162,718	<sup>(1)</sup> 47,699,216	129,299,862	128,836,360
-	<sup>(1)</sup> 58,189	-	3,452,861	3,394,672
-	<sup>(2)</sup> 3,192,707	<sup>(2)</sup> 527,932	3,176,265	511,490
-	<sup>(6)</sup> 73,200	-	428,809	355,609
-	<sup>(2)</sup> 3,758,292	<sup>(2)</sup> 3,759,962	15,632,479	15,634,149
-	<sup>(7)</sup> 12,053,573	-	820,647,679	808,594,106
-	<sup>(3)</sup> 8,933,052	4,637,317	31,273,961	26,978,226
-	<sup>(4)</sup> 2,853,307	<sup>(4)</sup> 5,279,372	38,610,072	41,036,137
-	<b>79,085,038</b>	<b>61,903,799</b>	<b>1,042,521,988</b>	
(3,058,509)	56,846,491	76,166,668		1,025,340,749
4,379,652	<sup>(5)</sup> 60,014,301	<sup>(5)</sup> 31,073,356	188,698,684	155,378,087
<b>4,379,652</b>	<b>60,014,301</b>	<b>31,073,356</b>	<b>188,698,684</b>	
(14,599,585)	64,375,458	24,161,529		155,378,087



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Chairman

## Cost of Sales

For the years ended  
December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1 to the parent company  
only financial statements

### Exhibit F Consolidated

	December 31, 2011	December 31, 2010
Inventories at the beginning of the year	292,312,439	270,282,713
Additions (retirements) from consolidation / deconsolidation of subsidiaries	4,662,982	(39,701,602)
Purchases for the year	902,067,153	511,104,432
Production expenses - Exhibit H Consolidated	4,064,376,730	3,115,915,876
Holding gains on inventories	20,677,069	31,815,706
Inventories at year-end	(411,605,831)	(292,312,439)
<b>Cost of sales</b>	<b>4,872,490,542</b>	<b>3,597,104,686</b>

## Information required under Section 64, Subsection b) of Law No. 19550

For the years ended  
December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1 to the parent company  
only financial statements

### Exhibit H Consolidated

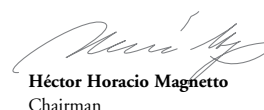
Item	Production expenses	Selling expenses	Administrative expenses	Total as of December 31, 2011	Total as of December 31, 2010
Fees for services	200,410,800	45,365,915	300,897,220	546,673,935	373,136,067
Salaries, Social Security and benefits to personnel	1,752,411,207	335,176,446	495,234,194	2,582,821,847	1,916,773,401
Advertising and promotion expenses	-	290,566,764	705,553	291,272,317	200,870,678
Taxes, duties and contributions	130,079,797	235,749,945	29,362,006	395,191,748	286,788,545
Doubtful accounts	-	42,375,748	-	42,375,748	10,696,072
Travel expenses	48,249,258	23,663,070	9,930,798	81,843,126	63,803,861
Maintenance expenses	296,527,723	22,437,673	97,495,257	416,460,653	362,650,872
Distribution expenses	22,122,843	33,637,709	-	55,760,552	41,323,143
Communication expenses	3,298,165	2,350,659	7,310,208	12,959,032	11,688,887
Contingencies	35,183,212	-	16,322,127	51,505,339	57,654,729
Stationery and office supplies	2,993,845	4,657,598	17,809,152	25,460,595	19,630,863
Commissions	-	10,760,410	161,977,382	172,737,792	136,153,824
Productions and co-productions	151,306,090	-	-	151,306,090	121,072,970
Printing expenses	133,194,717	-	-	133,194,717	97,147,712
Rights	878,492,485	-	-	878,492,485	686,362,900
Services and satellites	164,361,600	611,273	11,392,808	176,365,681	144,640,815
Severance payments	21,101,921	5,775,479	4,743,146	31,620,546	31,417,003
Non-computable VAT	18,766,233	-	-	18,766,233	14,503,828
Rentals	114,388,989	5,284,050	14,570,853	134,243,892	97,426,989
Other expenses	91,487,845	27,873,868	27,367,847	146,729,560	125,248,666
<b>Total as of December 31, 2011</b>	<b>4,064,376,730</b>	<b>1,086,286,607</b>	<b>1,195,118,551</b>	<b>6,345,781,888</b>	
<b>Total as of December 31, 2010</b>	<b>3,115,915,876</b>	<b>761,561,527</b>	<b>921,514,422</b>		<b>4,798,991,825</b>



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**Héctor Horacio Magnetto**  
Chairman



Financial statement page showing various line items and numerical values. The text is partially obscured by the book's binding and the hand holding it.

1,200,000,000	(427,326,168)
142,197,204	(34,763,264)
131,695,500	(26,654,909)

For the reporting period ended March 31, 2012  
For the reporting period ended March 31, 2011

*[Signature]*  
Dr. Carlos A. Cere (Prestador)  
Control Fiscal, Asesorías (S.A.S.)  
Calle 100 No. 115 - 102 - 106

*[Signature]*  
Héctor Henao Magueta  
Cáceres

64 65

# FINANCIAL STATEMENTS

## Balance Sheets

As of December 31, 2011  
and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

<b>Assets</b>	December 31, 2011	December 31, 2010
<b>Current assets</b>		
Cash and banks - Note 3.a	2,950,680	3,055,959
Other investments - Exhibit D	29,866,561	13,639,242
Other receivables, net - Note 3.b	85,113,690	5,040,993
<b>Total current assets</b>	<b>117,930,931</b>	<b>21,736,194</b>
<b>Non-current assets</b>		
Other receivables, net - Note 3.b	10,382,970	11,880,074
Investments - Exhibit C	3,795,862,738	3,370,483,445
Property, plant and equipment, net - Exhibit A	919,419	1,011,711
<b>Total non-current assets</b>	<b>3,807,165,127</b>	<b>3,383,375,230</b>
<b>Total assets</b>	<b>3,925,096,058</b>	<b>3,405,111,424</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - Note 3.c	3,026,654	3,065,334
Long-term debt - Notes 4 and 8 and Exhibit G	127,730,585	71,242,000
Salaries and Social Security payable	17,313,431	13,638,125
Taxes payable - Note 3.d	2,609,920	1,463,118
Other liabilities - Note 3.e	13,555,211	11,719,705
<b>Total current liabilities</b>	<b>164,235,801</b>	<b>101,128,282</b>
<b>Non-current liabilities</b>		
Other liabilities - Note 3.e	25,655,827	19,125,902
<b>Total non-current liabilities</b>	<b>25,655,827</b>	<b>19,125,902</b>
<b>Total liabilities</b>	<b>189,891,628</b>	<b>120,254,184</b>
<b>Shareholders' Equity</b> (as per corresponding statements)	<b>3,735,204,430</b>	<b>3,284,857,240</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,925,096,058</b>	<b>3,405,111,424</b>

The accompanying Notes 1 to 15 and Exhibits A, C, D, E, G  
and H are an integral part of these financial statements.



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**Héctor Horacio Magnetto**  
Chairman



## Statements of Income

For the years ended  
December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

	December 31, 2011	December 31, 2010
Equity in earnings from affiliates and subsidiaries - Note 3.f	556,863,882	566,155,425
Management fees	77,689,987	63,199,667
Administrative expenses - Exhibit H	(82,403,353)	(63,891,631)
Depreciation of property, plant and equipment - Exhibit A	(559,055)	(744,330)
<b>Financing and holding results</b>		
Generated by assets		
- Exchange difference and other financial results	561,802	2,715,829
- Interest	95,399	451,050
- Other taxes and expenses	(2,031,828)	(1,469,113)
Generated by liabilities		
- Exchange difference and other financial results	(1,851,375)	(6,558,302)
- Interest	(13,380,039)	(8,358,209)
- Holding losses (gains) on derivatives	-	(449,600)
Other expenses, net	(11,563,098)	(11,945,220)
Income for the year before Income tax and Tax on assets	523,422,322	539,105,566
Income tax and Tax on assets - Note 6	(1,142,945)	(988,686)
<b>Net income for the year</b>	<b>522,279,377</b>	<b>538,116,880</b>
Basic net income per share	1.82	1.87

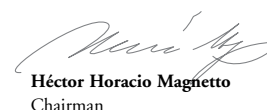
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**Statements of  
Changes in  
Shareholders' Equity**

For the years ended  
December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

	Capital Stock	Inflation Adjustment on Capital Stock
Balances as of December 31, 2009	287,418,584	309,885,253
Change in the balance (Note 2.4)	-	-
Balances changed as of December 31, 2009	287,418,584	309,885,253
Constitution of Legal Reserve (Note 11.2)	-	-
Cumulative translation adjustment for the year	-	-
Net income for the year	-	-
<b>Balances as of December 31, 2010</b>	<b>287,418,584</b>	<b>309,885,253</b>
Constitution of Legal Reserve (Note 11.2)	-	-
Distribution of dividends (Note 11.2)	-	-
Cumulative translation adjustment for the year	-	-
Net income for the year	-	-
<b>Balances as of December 31, 2011</b>	<b>287,418,584</b>	<b>309,885,253</b>

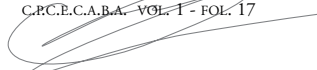
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Paid-in Capital	Subtotal	Legal reserve	Cumulative Translation Adjustment	Accumulated Deficit	Total shareholders' equity
1,413,334,666	2,010,638,503	23,547,182	57,204,637	689,542,987	2,780,933,309
-	-	-	-	(48,433,104)	(48,433,104)
1,413,334,666	2,010,638,503	23,547,182	57,204,637	641,109,883	2,732,500,205
-	-	14,507,327	-	(14,507,327)	-
-	-	-	14,240,155	-	14,240,155
-	-	-	-	538,116,880	538,116,880
<b>1,413,334,666</b>	<b>2,010,638,503</b>	<b>38,054,509</b>	<b>71,444,792</b>	<b>1,164,719,436</b>	<b>3,284,857,240</b>
-	-	26,685,724	-	(26,685,724)	-
-	-	-	-	(120,000,000)	(120,000,000)
-	-	-	48,067,813	-	48,067,813
-	-	-	-	522,279,377	522,279,377
<b>1,413,334,666</b>	<b>2,010,638,503</b>	<b>64,740,233</b>	<b>119,512,605</b>	<b>1,540,313,089</b>	<b>3,735,204,430</b>



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Chairman

## Statements of Cash Flows

For the years ended  
December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

	December 31, 2011	December 31, 2010
<b>Cash used in operating activities</b>		
Net income for the year	522,279,377	538,116,880
Income tax and tax on assets	1,142,945	988,686
Accrued interest, net	13,284,640	7,907,159
Adjustments to reconcile net income for the year to cash used in operating activities:		
- Depreciation of property, plant and equipment	559,055	744,330
- Equity in earnings from affiliates and subsidiaries	(556,863,882)	(566,155,425)
- Exchange difference and other financial results	1,271,397	3,714,332
- Holding losses (gains) on derivatives	-	449,600
Changes in assets and liabilities:		
- Other receivables	(22,429,789)	5,565,943
- Accounts payable	(38,680)	(479,015)
- Salaries and Social Security payable	3,675,306	1,969,286
- Taxes payable	1,538,014	(900,167)
- Other liabilities	1,835,506	1,790,408
- Tax on assets payments	(1,229,415)	(2,439,114)
<b>Cash used in operating activities</b>	<b>(34,975,526)</b>	<b>(8,727,097)</b>
<b>Cash provided by investment activities</b>		
Dividends collected	58,378,830	40,631,795
Capital contributions in subsidiaries	(5,176,800)	(9,663,565)
Acquisition of property, plant and equipment	(466,763)	(515,465)
Collection of loans and interest	2,670,041	500,000
Loans granted	(3,000,000)	(1,000,000)
<b>Cash provided by investment activities</b>	<b>52,405,308</b>	<b>29,952,765</b>

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	December 31, 2011	December 31, 2010
<b>Cash used in financing activities</b>		
Payment of sellers financing	-	(119,100,000)
Loans obtained	121,637,672	84,589,305
Payment of loans	(3,263,963)	(27,048,000)
Payment of interest	(265,938)	(8,508,395)
Payment of dividends	(120,000,000)	-
Payments on derivatives	-	(3,575,600)
<b>Cash used in financing activities</b>	<b>(1,892,229)</b>	<b>(73,642,690)</b>
<b>Financing and holding gains generated by cash and cash equivalents</b>	<b>584,487</b>	<b>3,274,623</b>
Net Increase / (decrease) in cash flow	16,122,040	(49,142,399)
Cash and cash equivalents at the beginning of the year	16,695,201	65,837,600
<b>Cash and cash equivalents at the end of the year <sup>(1)</sup></b>	<b>32,817,241</b>	<b>16,695,201</b>
 (1) Includes:		
Cash and banks	2,950,680	3,055,959
Investments with original maturities of less than three months	29,866,561	13,639,242

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## Notes to the Financial Statements

As of December 31, 2011 and 2010  
In Argentine Pesos (Ps.) - Note 2.1, unless otherwise specifically indicated

### Note 1

#### The Company

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

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

- Cable Television and Internet Access, consisting of the largest cable network in Latin America in terms of subscribers, operated by its subsidiary Cablevisión (surviving company after its merger with Multicanal and Teledigital), with operations in Argentina and neighboring countries. This company also provides high-speed Internet access under the brands Fibertel and Flash;

- Printing and Publishing, consisting of national and regional newspapers, a sports daily, magazine publishing, editing and distribution, and commercial printing. Diario Clarín, the flagship national newspaper, is the newspaper with the second largest circulation in the Spanish-speaking world. The sports daily Olé is the only newspaper of its kind in the Argentine market. The newspaper La Razón is the first ever free newspaper in Argentina. The children's magazine Genios is the children's magazine with the highest circulation in Argentina. AGR is its printing company;

- Broadcasting and Programming, consisting of the broadcast television station with the highest share of prime time audience (Canal 13), AM/FM 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; and

- Digital Content and Other, consisting mainly of digital and Internet content, online classified

ads and horizontal portals as well as its subsidiary GCGC, its shared service center.

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### Note 2

#### Basis for the preparation and presentation of the financial statements

The Company's financial statements have been prepared in accordance with generally accepted accounting standards effective in the City of Buenos Aires, Argentina, and in accordance with the Argentine Securities and Exchange Commission (CNV) rules. Such standards have been applied consistently to the information presented for comparative purposes.

In order to understand properly the financial position and the changes in the results of the Company and its subsidiaries, the Company's management recommends that the parent company only financial statements be read together with the consolidated financial statements, which are presented as supplementary information and are an integral part of the parent company only financial statements.

#### 2.1. Presentation of financial statements in constant Argentine Pesos

These financial statements have been prepared in constant currency, pursuant to the restatement method set forth by FACPCE's Technical Resolution No. 6, whereby the effects of the changes in the currency purchasing power are to be recognized comprehensively during inflationary periods. Furthermore, it establishes that the adjustment for inflation shall not be applied during periods of monetary stability.

#### 2.2. Summary of critical accounting policies

The critical accounting policies applied to the preparation of these financial statements are detailed below:

a. Cash and banks

- In local currency: at face value.

- In foreign currency: translated at the exchange rates prevailing at each year-end for the settlement of these transactions. Foreign exchange differences were charged to income for each year. The respective breakdown is shown in Exhibit G.

b. Other investments

- In local currency: valued at nominal value, plus interest accrued at each year-end.

- In foreign currency: Valued at nominal value plus accrued interest, where applicable, and translated to the exchange rate prevailing at the end of each year. Foreign exchange differences were charged to income for each year. The respective breakdown is disclosed under Exhibits D and G.

c. Other receivables, net and liabilities

- In local currency: valuation has been determined by calculating the discounted value of cash flows to be generated by such receivables and liabilities, except for deferred tax assets and liabilities which have not been discounted. Receivables and liabilities with discounted values which do not materially differ from their nominal value have been valued at the nominal value of the corresponding transaction.

- In foreign currency: have been valued as mentioned above, taking into account the exchange rates prevailing as of each year end. Foreign exchange differences were charged to income for each year. The respective breakdown is disclosed under Exhibit G.

Accounts receivable and liabilities include the accrued portion of the respective financing gains (losses) as of each year end.

The item Other non-current receivables is disclosed net of the valuation allowance for net deferred tax assets (see Note 6) and of the valuation allowance for tax on assets. The changes in such allowances are disclosed under Exhibit E.

d. Long-term investments in affiliates and subsidiaries - Goodwill

Long-term investments in subsidiaries and affiliates were valued by applying the equity method as established by FACPCE Technical Resolution No. 21 ("TR 21").

The accounting criteria used by the subsidiaries and affiliates are the same as those used by the Company; in those cases in which they differed, the corresponding adjustments were made. A breakdown of the Company's interest in these companies is shown in Exhibit C.

During the years ended December 31, 2009 and 2010, certain subsidiaries decided to adhere to a regime for the regularization and financing of tax liabilities.

The financial statements of foreign companies considered as integrated were translated pursuant to the provisions of FACPCE TR 18. Accordingly, amounts measured in foreign currency were translated to Argentine pesos, applying the exchange rate prevailing on the date in which the purchasing power of each amount measured was stated.

The financial statements of non-integrated foreign companies, which are indirectly controlled by the Company, have been translated to Argentine pesos, pursuant to the provisions of FACPCE TR 18, applying one of the methods applicable to non-integrated companies (current exchange rate). Translation differences were allocated to the Statements of Changes in Shareholders' Equity, under "Cumulative translation adjustment".

Goodwill is the difference between the cost and the fair market value of acquired and identifiable net assets. Goodwill was restated following the guidelines of Note 2.1.

The Company amortized Goodwill over a 20-year period until December 31, 2002. As from January 1, 2003, the Company adopted the amortization criterion established by the prevailing accounting standards and, accordingly, ceased to amortize goodwill that is considered to have an indefinite useful life directly related to the business of the respective investments. Nevertheless, as mentioned in Note 15 to the parent company only financial statements and in Note 11 to the consolidated financial statements, the useful life of this goodwill could be affected by the final outcome of the circumstances described in such note.

The Company periodically assesses the goodwill's recoverable value, based on the projected discounted cash flows and other information available as of the date of the financial statements. The carrying value of long-term investments and goodwill, net of the booked allowances, does not exceed their recoverable value as of each year end.

e. Property, plant and equipment, net  
Property, plant and equipment and other investments have been valued at acquisition cost, restated as set forth in Note 2.1, net of the respective accumulated depreciation as of each year end. These assets are depreciated on a straight line basis, applying rates that are sufficient to extinguish their values at the end of their estimated useful lives.

The value of these assets does not exceed their recoverable value. Changes in property, plant and equipment are shown in Exhibit A.

f. Derivatives

Receivables and liabilities generated by derivatives have been valued at their estimated fair value. Changes in the valuation of such financial instruments have been recognized as result for the year in which they are effected.

g. Shareholders' equity

Capital stock has been recorded at its nominal value. As stated in Note 2.1, the restatement adjustment is shown under the item Inflation Adjustment on Capital Stock.

The other shareholders' equity accounts are stated at their historical value, restated as set forth in Note 2.1.

h. Statement of Income accounts

The charges for consumption, depreciation and amortization of non-monetary assets were calculated based on the adjusted amounts of such assets, as indicated in Note 2.1. The other Statement of income accounts are stated at nominal values.

i. Income tax and tax on assets

The Company accounts for income tax using the deferred tax method. Such method consists of recognizing the tax effects of the temporary differences between the accounting and tax valuation of assets and liabilities and the subsequent charge to income in the years where such differences are reversed. Furthermore, it provides for the possibility of using tax losses in the future. In conformity with the current accounting standards applicable to the Company, deferred tax assets and liabilities have not been discounted. The differences arising from restating the historical cost of property,

plant and equipment in constant currency, the deduction of which is not recognized for tax purposes, have been considered as permanent differences. Therefore, no deferred taxes should be recognized. As of December 31, 2011, the Company's property, plant and equipment balances were not adjusted for inflation. Note 6 contains further information on deferred taxes.

The Company has examined the recoverable value of deferred assets, based on its business plans and has booked a valuation allowance, in order for the deferred tax asset net position to reflect the probable recoverable value. The changes in such allowance are disclosed under Exhibit E.

The tax on assets is supplementary to income tax. While income tax is levied on the taxable income for the year, tax on assets is imposed on the potential income from certain productive assets at the rate of 1%. Therefore, the Company's tax liability shall be equal to the higher of both taxes. However, if the tax on assets exceeds income tax in any given fiscal year, the excess may be creditable against any excess of income tax over the tax on assets in any of the following ten years.

The tax on assets balance has been capitalized under Other non-current receivables, net of a valuation allowance, based on the Company's current business plans. The changes in such allowance are disclosed under Exhibit E.

j. Earnings per share

Earnings per share have been calculated based on the weighted average number of outstanding common shares during each year.

### 2.3 Use of estimates

The preparation of the financial statements in conformity with professional accounting standards effective in the City of Buenos Aires, Argentina, requires Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for each year. Actual results could differ from these estimates.



#### 2.4 Change in accounting policy. Adjustment to net income from prior years

In connection with the difference between the book value adjusted for inflation and the fiscal value of property, plant and equipment, until September 30, 2011 and applying CNV General Resolution No. 487/06, the Company did not recognize deferred tax liabilities arising from such difference, and disclosed such practice in a note to the financial statements, in accordance with Argentine professional accounting standards.

On July 1, 2010, CNV approved General Resolution No. 576/2010, subsequently amended by General Resolution No. 592/2011, which provides that the companies that exercised the option of disclosing the deferred tax liabilities arising from the application of the adjustment for inflation in a note to the financial statements, shall recognize such liabilities under IFRS with an offsetting entry under retained earnings in any interim or annual period until the closing of the year immediately preceding the year in which IFRS are implemented for the first time. Additionally, such resolution sets forth a one-time provision establishing that shareholders' meetings considering the financial statements for the year in which such deferred tax liabilities are recognized may charge to retained earnings the amount of the above-mentioned liabilities, with an offsetting entry under items of shareholders' equity that are not represented by shares or with an offsetting entry under reserve accounts, without a predefined order for this allocation.

Given that of December 31, 2011, the Company has fully amortized the property, plant and equipment adjusted for inflation, it has only recognized the effect on retained earnings arising from the impact of the application of such change of criterion on the valuation of its subsidiaries.

The financial statements for the year ended December 31, 2010 presented for comparative purposes have been modified as required by Technical Resolution No. 17. The following is a detail of the effects of this change in the item "Retained earnings" of the Company's Shareholders' equity as of December 31, 2010:

Balances as of December 31, 2009	(48,433,104)
Impact on net income for the year	4,402,400
Balances as of December 31, 2010	(44,030,704)

#### 2.5 Adoption of the International Financial Reporting Standards (IFRS)

The CNV, through General Resolutions No. 562/09 and 576/10, has provided for the application of FACPCE Technical Resolutions No. 26 and 29, which adopted IFRS issued by the International Accounting Standards Board (IASB), for entities that are subject to the public offering regime governed by Law No. 17,811 due to the listing of their shares or notes, and for entities that have applied for authorization to be listed under said regime.

Application of these standards shall be mandatory for the Company as from the fiscal year beginning January 1, 2012. The first quarterly financial statements under IFRS shall be those for the three-month period ended March 31, 2012.

Therefore, the transition date for the adoption of the IFRS by the Company, as established in IFRS No.1 "First-time adoption of the IFRS", shall be January 1, 2011.

These financial statements have been prepared in accordance with General and Particular Accounting Valuation and Disclosure Standards required by CNV General Resolutions No. 441/03, 485/05, 487/05 and 494/06, which differ from IFRS in terms of measurement and disclosure.

2.5.a) Optional exemptions from IFRS  
IFRS No. 1 allows companies adopting IFRS for the first time to consider certain one-time exemptions from retrospective application of certain IFRS applicable to financial statements as of December 31, 2011. Such exemptions have been established by IASB in order to simplify the first application of such standards.

The optional exemptions under IFRS No. 1 applicable to the Company are detailed below:

1. Deemed cost of Property, plant and equipment: The cost of property, plant and equipment, adjusted for inflation in accordance with effective accounting standards, has been

considered as the deemed cost at the IFRS transition date, since it is similar to the cost or depreciated cost under IFRS, adjusted to reflect the changes of a general or specific price index.

2. Accumulated translation differences of foreign operations: Accumulated translation differences related to foreign operations were considered null at the IFRS transition date.

3. Business combinations: The Company has elected not to apply IFRS No. 3 "Business combinations" on a retrospective basis for business combinations that occurred prior to the IFRS transition date.

The Company has not used the other exemptions available under IFRS No. 1.

2.5.b) Mandatory exceptions to IFRS  
The mandatory exceptions to IFRS No. 1 applicable to the Company are detailed below:

1. Estimates: The estimates made by the Company under IFRS at the IFRS transition date are consistent with the estimates made at the same date under Argentine Professional Accounting Standards (NCP ARG).

2. The other mandatory exceptions provided by IFRS No. 1 that have not been considered because they are not applicable to the Company are the following:

- Derecognition of financial assets and liabilities.
- Hedge accounting.
- Embedded derivatives.

2.5.c) Mandatory reconciliations  
Pursuant to FACPCE Technical Resolutions No. 26 and No. 29, the following is a detail of the reconciliations of shareholders' equity reported under NCP ARG to those reported under IFRS as of December 31, 2011 and January 1, 2011 and the reconciliation of comprehensive income for the year ended December 31, 2011. In that respect, in the preparation of reconciliations the Company has considered those IFRS that it believes to be applicable to the preparation of its financial statements as of December 31, 2012. The items and figures contained in this note are subject to changes and may only be deemed final once the Company has prepared the annual financial statements for the year in which the IFRS are applied for the first time.

a) Reconciliation of shareholders' equity as of December 31, 2011 and January 1, 2011.

	December 31, 2011	January 1, 2011
Shareholders' equity under NCP ARG	3,735,204,430	3,284,857,240
<b>Effect of transition to IFRS:</b>		
Adjustment to the valuation of affiliates and goodwill <sup>[1]</sup>	(101,062,323)	(81,562,035)
<b>Total Shareholders' equity under IFRS</b>	<b>3,634,142,107</b>	<b>3,203,295,205</b>

b) Reconciliation of net income for the year ended December 31, 2011

	December 31, 2011
Net income for the year under NCP ARG (Income)	522,279,377
<b>Effect of transition to IFRS:</b>	
Addition of the variation of Cumulative translation adjustment under NCP ARG to Comprehensive income for the year	48,067,813
Subtotal	570,347,190
Effect in the variation of the Cumulative translation adjustment due to adjustments to the valuation of affiliates <sup>[1]</sup>	(10,074,876)
Effect in income from the adjustments to the valuation of affiliates <sup>[1]</sup>	(7,526,169)
<b>Total comprehensive income for the year under IFRS</b>	<b>552,746,145</b>

c) Explanation of reconciling items

[1] Generated by the effect of the adjustments to shareholders' equity and net income of the companies in which the Company holds an equity interest and the effect of the adjustments to the goodwill of such companies. The description of the adjustments made to such companies is disclosed in Note 1.2 to the consolidated financial statements.

d) Reconciliation of the Statement of Cash Flows for the year ended on December 31, 2011.

No significant differences have been identified in the Statement of Cash Flows or in the definition of Cash and cash equivalents between NCP ARG and IFRS.

### Note 3

#### Breakdown of the accounts

<b>Balance sheets</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>a. Cash and banks</b>		
Petty cash	59,527	59,327
Banks - EXHIBIT G	2,891,153	2,996,632
	<b>2,950,680</b>	<b>3,055,959</b>
<b>b. Other receivables</b>		
<b>Current</b>		
Related parties - Note 4	83,218,676	2,488,645
Tax credits	492,599	425,334
Advances	640,829	914,214
Other	761,586	1,212,800
	<b>85,113,690</b>	<b>5,040,993</b>
<b>Non-Current</b>		
Net deferred tax assets - Note 6	10,352,970	9,744,474
Guarantee deposits	30,000	30,000
Other	-	2,105,600
	<b>10,382,970</b>	<b>11,880,074</b>

	December 31, 2011	December 31, 2010
<b>c. Accounts payable</b>		
Suppliers	2,737,602	1,791,309
Related parties - Note 4	289,052	1,274,025
	<b>3,026,654</b>	<b>3,065,334</b>
<b>d. Taxes payable</b>		
Tax on assets	860,197	151,474
VAT payable	484,290	79,327
Other taxes payable	1,265,433	1,232,317
	<b>2,609,920</b>	<b>1,463,118</b>
<b>e. Other liabilities</b>		
Current		
Other	13,555,211	11,719,705
	<b>13,555,211</b>	<b>11,719,705</b>
Non-Current		
Investment in affiliates - Exhibit C	25,655,827	19,125,902
	<b>25,655,827</b>	<b>19,125,902</b>

Statements of Income	Gain / (Loss)	Gain / (Loss)
<b>f. Equity in earnings from affiliates and subsidiaries</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>
SHOSA	175,220,080	174,897,711
Vistone	124,494,024	120,304,959
VLG	33,340,251	33,271,400
CVB	29,743,019	29,832,678
CLC	7,050,192	6,954,591
AGEA	80,281,465	106,967,939
CIMECO	7,003,494	6,181,463
GCSA Investments	(6,529,674)	(5,023,428)
ARTEAR	102,929,943	75,013,503
IESA	(988,439)	7,459,999
Radio Mitre	4,396,061	2,356,028
GCGC	(5,047,055)	(2,801,063)
CMD	1,887,858	(242,071)
GC Services	2,922,358	8,004,699
Other	160,305	2,977,017
	<b>556,863,882</b>	<b>566,155,425</b>

## Note 4

### Balances and transactions with related parties

There follows the breakdown of the Company's balances with its related parties as of December 31, 2011 and 2010.

Company	Item	December 31, 2011	December 31, 2010
<b>Subsidiaries</b>			
Vistone	Long-term debt	(44,846,677)	(23,880,000)
SHOSA	Long-term debt	(70,968,174)	(41,650,700)
CVB	Long-term debt	(10,299,790)	(5,711,300)
CLC	Long-term debt	(1,615,944)	-
AGEA	Other receivables	75,303,174	-
	Accounts payable	(60,367)	(918,295)
ARTEAR	Other receivables	1,412	142,599
	Accounts payable	(166,065)	(26,618)
IESA	Accounts payable	(29,975)	(29,975)
Radio Mitre	Other receivables	1,312,190	1,526,790
GCGC	Other receivables	4,692	4,692
	Accounts payable	(14,457)	(83,646)
<b>Indirectly controlled</b>			
Cablevisión	Other receivables	-	600
	Accounts payable	(4,629)	(87,372)
PRIMA	Accounts payable	(12,726)	(127,186)
AGR	Other receivables	4,575,889	523,961
	Accounts payable	(833)	(890)
UNIR	Other receivables	1,157	1,200
	Accounts payable	-	(43)
Impripost	Other receivables	442,425	288,675
Ferías y Exposiciones S.A.	Other receivables	128	128
Auto Sports	Other receivables	1,577,609	-

The following table details the transactions carried out by the Company with related parties for the years ended December 31, 2011 and 2010:

Company	Item	December 31, 2011	December 31, 2010
<b>Subsidiaries</b>			
AGEA	Management fees	28,800,000	26,400,000
	Advertising	(5,656)	-
ARTEAR	Management fees	15,600,000	18,200,000
	Interest expense	-	(81,083)
	Services	(17,466)	-
Vistone	Interest expense	(3,668,554)	-
CLC	Interest expense	(116,168)	-
SHOSA	Interest expense	(5,431,890)	-
CVB	Interest expense	(850,779)	-
Radio Mitre	Management fees	240,000	240,000
	Interest income	40,041	5,000
GCGC	Services	(4,103,627)	(2,683,871)
<b>Indirectly controlled</b>			
Cablevisión	Management fees	22,800,000	11,399,667
PRIMA	Services	(258,959)	(191,963)
AGR	Management fees	7,200,000	6,000,000
	Services	(5,739)	(83,908)
Impripost	Management fees	1,140,000	960,000
Auto Sports	Management fees	1,909,987	-
CIMECO	Interest expense	-	(75,049)
UNIR	Services	-	(18,521)

## Note 5

### Additional cash flow statements information

In the years ended on December 31, 2011 and 2010, the following significant transactions were carried out, which did not have an impact on consolidated cash and cash equivalents:

	December 31, 2011	December 31, 2010
Dividends collected through debt settlement	73,755,307	15,633,455
Debt settled through assignment of receivables	-	2,025,706
Capitalization of receivables held with subsidiaries	875,000	1,115,000

## Note 6

### Income tax

The following table shows the breakdown of net deferred tax assets as of December 31, 2011 and 2010, respectively (amounts stated in thousands of Argentine Pesos):

Assets	December 31, 2011	December 31, 2010
Tax loss carryforward	28,268	21,217
Other investments	7,645	7,828
Salaries and Social Security payable	2,694	1,916
Other	14	-
Subtotal	38,621	30,961
Valuation allowance for net deferred tax assets - Exhibit E	(28,268)	(21,217)
Net deferred tax assets	10,353	9,744

The following table shows the reconciliation between the income tax and tax on assets charged to income for the years ended December 31, 2011 and 2010 and the income tax liability that would result from applying the current tax rate on income before taxes and the income tax and tax on assets liability assessed for each year (amounts stated in thousands of Argentine Pesos):

	December 31, 2011	December 31, 2010
Income tax assessed at the current tax rate (35%) on income before income tax	(183,198)	(188,687)
Permanent differences:		
- Equity in earnings from affiliates and subsidiaries	194,902	198,155
- Non-taxable income	(4,447)	(4,230)
- Other	403	580
Subtotal	7,660	5,818
Valuation allowance for net deferred tax assets charged to income - Exhibit E	(7,051)	(5,377)
Income tax charge	609	441
Deferred income tax for the year	609	441
Income tax charge	609	441
Tax on assets	(1,751)	(1,430)
Total	(1,142)	(989)

At December 31, 2011, the Company's accumulated tax losses amount to approximately Ps. 80.8 million, which calculated at the current tax rate, represent deferred tax assets in the

amount of approximately Ps. 28.3 million. The following table shows the expiration date of the accumulated tax losses pursuant to statutes of limitations (amounts stated in thousands of Argentine Pesos):

Expiration year	Amount of tax loss carryforward
2012	14,537
2013	11,678
2014	19,023
2015	15,345
2016	20,182
	<b>80,765</b>

## Note 7

### Terms and interest rates of investments, receivables and liabilities

	December 31, 2011
Other investments	
Without any established term <sup>(1)</sup>	29,866,561
	<b>29,866,561</b>
Receivables, net <sup>(2) (3)</sup>	
Without any established term	83,889,522
To fall due	
- Within three months	1,254,168
	1,254,168
	<b>85,143,690</b>
Liabilities <sup>(3) (4)</sup>	
Without any established term	727,373
To fall due	
- Within three months	21,425,400
- More than three months and up to six months	14,352,443
	35,777,843
	<b>36,505,216</b>
Long-term debt <sup>(5)</sup>	
To fall due	
- Within three months	6,505,671
- More than three months and up to six months	121,224,914
	<b>127,730,585</b>

(1) Bearing interest at a variable rate.

(2) Do not include Ps. 10,352,970 corresponding to net deferred tax assets (see Note 6).

(3) Non-interest bearing.

(4) Do not include equity interests in the amount of Ps. 25,655,827 (see Note 3.e).

(5) Bearing interest at a fixed rate.



## Note 8

### Loans

#### 8.1 Financial loans

In May 2004, JPM transferred to the Company a USD 40 million receivable it held with the Company's subsidiary Raven, for the payment of an equivalent amount.

Subsequently the Company, as the only shareholder of Raven, decided to wind up and liquidate that company at the Board meeting held on July 31, 2004.

The remaining balance of the USD 40 million price payable by the Company to JPM was refinanced through an agreement between both parties on May 3, 2004. Such refinancing was obtained at an interest rate of LIBOR plus a 2% spread, payable quarterly. Principal was to be cancelled in annual installments.

During 2006 and 2007, the Company executed two addenda to such refinancing agreement, rescheduling the repayment of outstanding principal. In March 2008, the Company executed another addendum whereby the interest rate to be accrued was changed to LIBOR plus a 3% margin as from March 17, 2008, and LIBOR plus a 4% margin as from March 17, 2009.

On February 22, 2010, the Company settled the last installment of the debt mentioned above, plus accrued interest, accounting for the full and final discharge of the commitments undertaken in connection with such debt.

#### 8.2. Other loans

As of December 31, 2011 and 2010, the Company held financial debts with subsidiaries in the amount of Ps. 127.7 million and USD 17.9 million, respectively.

## Note 9

### Other borrowings

In connection with the transactions carried out in September 2006 resulting in an increase in the Company's indirect interest in Cablevisión to 60%, the Company issued a USD 157.8 million promissory note, with original maturity on September 26, 2009, accruing interest at 6-month LIBOR plus a 3.50% spread payable on a semi-annual basis as from March 26, 2007. Such maturity could be extended until September 26, 2010 or September 26, 2011 if certain conditions were met.

During 2007 and 2008, Grupo Clarín prepaid principal amounts of USD 29 million and USD 27 million, respectively, plus interest thereon.

During June and October 2009, the Company agreed with the holder to execute amendments to the original promissory note, whereby the conditions to be met for such extensions were eliminated, modifying the maturity schedule and establishing a 5.75% margin applicable to the period running from September 27, 2011 through September 26, 2012.

During 2009 Grupo Clarín made debt prepayments for an aggregate principal amount of USD 71.8 million, plus interest thereon.

During 2010, the Company has prepaid in full the outstanding amount to such date, accounting for the full and final discharge of the commitments undertaken in connection with such debts.

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## Note 10

### Commitments and contingencies

a. 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 which, in general terms, provides for an ambiguous procedure that is very strict against the defendant.

The Company, AGEA, certain directors and members of the supervisory committee, and shareholders have been served notice of 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.

b. In July 2009, the Company executed an agreement securing payment of GCSA Investments' obligations under its loan, as detailed in Note 5.4 to the consolidated financial statements.

c. On September 16, 2010 the Company was served notice of a legal action 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.

d. In October 2011, the Company executed agreements securing the payment of certain financing transactions of one of its subsidiaries in the amount of USD 2.9 million, effective from October 2011 to October 2013.

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## Note 11

### Capital and results

#### 11.1. Capital structure

Upon the Company's public offering during 2007, the capital stock amounted to Ps. 287,418,584, represented by:

75,980,304 registered non-endorsable Class A common shares, with nominal value of Ps. 1 each and entitled to 5 votes per share.

186,281,411 book-entry Class B common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

25,156,869 registered non-endorsable Class C common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

On October 5 and 11, 2007, the CNV and BCBA, respectively, granted authorization for the Company's admission to the initial public offering of its capital stock. Said authorizations contemplated (i) the public offering of its Class B book-entry common shares, (ii) the listing of its Class B book-entry common shares, and (iii) the listing of its registered non-endorsable Class C common shares, trading of which was suspended due to restrictions on transfers set forth by the Bylaws. Also in the last quarter of 2007, the Company was granted authorization for the listing of its GDSs in the LSE. Each GDS represents two of the Company's Class B common shares.

#### 11.2. Accumulated Deficit

The Company's bylaws set forth that retained earnings shall be appropriated as follows: (i) 5% to the Company's legal reserve until such reserve equals 20% of the Company's capital stock; and (ii) the balance, in whole or in part, to the payment of the fees of the members of the Board of Directors and the Supervisory Committee, to dividends on common shares, or reserve accounts, or as otherwise determined by the Shareholders, among other situations.

At the Company's Annual Regular Shareholders' Meeting held on April 22, 2010, the shareholders decided, among other things, to appropriate the earnings for the year 2009; which amounted to Ps. 290,146,539 as follows: (i) Ps. 14,507,327 to the legal reserve and (ii) Ps. 275,639,212 to retained earnings.

At the Company's Annual Regular Shareholders' Meeting held on April 28, 2011, the shareholders decided, among other things, to appropriate the earnings for the year 2010;

which at that time amounted to Ps. 533,714,480 as follows: (i) Ps. 26,685,724 to the legal reserve; (ii) Ps. 120,000,000 to dividend distribution, which has been paid as of the date of these financial statements, and (iii) Ps. 387,028,756 to retained earnings.

On September 1, 2011 the Company was served with a preliminary injunction in re “National Social Security Administration v/ Grupo Clarín S.A. on/ ordinary” 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 Regular Shareholders’ Meeting held on April 22, 2010. As of the date of these financial statements, the Company has filed a response in due time and form.

On November 1, 2011, the CNV issued Resolution No. 593, which provides that shareholders’ meetings considering financial statements must, with respect to retained earnings that are not subject to restrictions on distribution and that may be dealt with pursuant to applicable law, expressly decide whether to distribute them as dividends, to capitalize them and issue shares, appropriate them to set up reserves other than legal reserves, or a combination of the above.

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## Note 12

### Acquisition and disposal of equity interests

In April 2008, AGEA assigned to the Company 54.5% of its rights and obligations derived from the call option described in Note 9.1.a to the consolidated financial statements. On such date, the Company exercised such call option, acquiring shares that accounted for 27.3% of CIMECO’s capital stock.

As of the date of these financial statements, the above transaction is subject to administrative approvals.

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## Note 13

### Long-term savings plan (PALP)

During the last quarter of 2007, the Company, together with its subsidiaries, began to implement a PALP for certain executives (directors and managers comprising the “executive payroll”), which became effective in January 2008. Executives who adhere to such plan will 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. Furthermore, each company of the Group where such 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 retirement or upon termination of their jobs with the Group.

Likewise, the PALP 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 PALP related to the executive’s years of service with the Group. As of December 31, 2011, such supplementary contributions made by the Company on an individual and consolidated basis amount to approximately Ps. 10 million and Ps. 36 million, respectively, and the charge to income is deferred until the retirement of each executive.

Pursuant to Technical Resolution No. 23, the above-mentioned savings plan qualifies as a Defined Contribution Plan, which means that the companies’ contributions shall be charged to income on a monthly basis as from the date the plan becomes effective.

## Note 14

### Derivatives

The Company enters into derivative contracts for the sole purpose of securing the future cash flows of its fixed-rate and/or USD-denominated debt. Grupo Clarín does not enter into derivative contracts for speculative purposes.

As of December 31, 2011 and 2010 the Company had no outstanding balances related to derivatives.

The transactions related to derivatives generated a net loss of Ps. 0.4 million for the year ended December 31, 2010.

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## Note 15

### Regulatory framework for broadcasting services

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

The law provides for the replacement of the COMFER with the Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA, for its Spanish acronym), as a decentralized and autocratic agency under the jurisdiction of the Executive Branch, and vests the new agency with authority to enforce the law. It may be argued that, as of the date of these financial statements, AFSCA has not yet been fully formed and, therefore, its functioning is still questionable.

The new law, which governs the audiovisual communication services activities conducted by the Company through its subsidiaries, establishes, among other things,:

- A license award and review scheme that grants wide discretion to the Executive Branch and to an Enforcement Authority with questionable

composition and powers;

- A 10-year limitation to the terms of licenses, with a one-time non-renewable extension.
- The non-transferability of authorizations and licenses, and a regulatory framework and registration requirements for signals, production companies and advertising agencies;
- A multiple license scheme which: i) restricts to 10 the number of Audiovisual Communication Services licenses plus a single broadcasting signal for radio, broadcast TV and subscription cable TV services that make use of the radio spectrum; ii) restricts the licensing of subscription broadcasting services rendered by means of a physical link (cable), limiting the number of licenses to 24; iii) sets forth a further restriction on these services, which may not be provided to more than 35% of all inhabitants or subscribers nationwide; iv) establishes that a broadcast TV signal and a cable TV signal may not be simultaneously exploited in the same location, and v) establishes that broadcast TV networks may only own one cable TV signal. The same applies to cable TV networks, which may only own the so-called "local channel", which is mandatory for every license;
- Mandatory quotas for certain types of content.

Also controversially, the law sets forth retroactive effects by requiring holders of current broadcasting licenses - which were legitimately acquired rights under Law No. 22,285 as amended - to conform to the new law within the term of one year counted as from the time certain mechanisms required for implementation are set in place.

It is publicly known that the main entities of the audiovisual media industry as well as industry players, legal scholars and experts have expressed several concerns about this law, since they consider that it has defects that render it unconstitutional; it seriously damages the development of the audiovisual industry and it restricts fundamental freedoms. Some of these industry players, such as provincial governments and political parties, as well as private entities including the Company and its main subsidiaries, have already made court filings in this sense. As of the date of these financial statements, insofar as the Company is concerned, two court decisions are in full force and effect providing for: (i) the provisional suspension of section 161 of the Audiovisual

Communication Services Law with respect to Grupo Clarín and other subsidiaries, which has been confirmed by the Supreme Court of Argentina, and (ii) at the request of the Consumer Defense Committee, the suspension of the application of sections 45, 161 and 62 through 65 of such Law. Even though this decision has been partially revoked by the Federal Court of Appeals of Salta, the Court of Appeals' decision may be deemed not to be final since the affected party filed an extraordinary appeal, thereby restoring the effects of the decision rendered in the first instance.

Most sections of the Law No. 26,522 were regulated by means of Decree No 1,225/2010. However, there are still some issues that need to be clarified for the law's practical application.

The unreasonableness and arbitrariness of some of these measures may result in the declaration of unconstitutionality in the future. In fact, some industry chambers have already resorted to the courts to complain against the abuses in the regulation. These include: i) the provisions on required content and mandatory production quotas, ii) the mandatory national film screen and audiovisual art quota, iii) the prior authorization required to create programming networks, iv) the expensive access systems and the time granted for their implementation and v) some issues related to advertising sales and their quotas, among other important issues.

Also of note is the highly discretionary mandatory divestiture system provided for in the regulations to Section 50 of the Audiovisual Communication Services Law, which has evident confiscatory effects.

The Company and its subsidiaries are evaluating the possible effects on their business of such questioned Audiovisual Communication Services Law, its implementing regulations and the matters mentioned above. Therefore, this situation creates a framework of uncertainty about the Company's business. Depending on

several aspects, the Company and/or some of its subsidiaries could be forced to divest of certain services, which shall in turn depend on the choices made by the Company and/or some of its subsidiaries. All of the above could result in a reduction of the services the Company currently renders, the ownership and rights of which were acquired in compliance with Law 22,285.

Therefore, at present this situation generates uncertainties about the business of the Company and its subsidiaries, which could significantly affect the recoverability of the Company's relevant assets (on a parent company only and consolidated basis).

However, the recoverability of such assets could be unaffected if the Company's and other parties' main arguments were adopted to create a framework of increased rationality, either by the amendment, repeal or declaration of unconstitutionality of the new media law and/or its implementing regulations.

The Company and its legal advisors consider that this Audiovisual Communication Services law and its implementing regulations violate fundamental constitutional rights, such as, the property right and freedom of the press, among others. For this reason, it will bring the legal actions in each instance to safeguard its rights and those of its shareholders; as well as to protect the fundamental principles infringed by such law.

The decisions to be made based on these financial statements should contemplate the eventual impact these changes in the regulatory framework may have on the Company and its subsidiaries. The parent only and the consolidated financial statements of the Company should be read in the light of this uncertain environment.

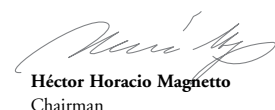
In order to properly understand this note, the Company's management recommends that it be read together with Note 11 to the consolidated financial statements.



**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

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with the report dated March 09, 2012  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (U.B.A.)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106



**Héctor Horacio Magnetto**  
Chairman

## Property, Plant and Equipment, net

As of December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

### Exhibit A

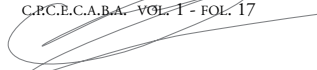
Main account	At the beginning of the year	Increases	Retirements	Historical value
				At year-end
Furniture and fixtures	282,845	69,749	-	352,594
Audio and video equipment	118,159	4,020	-	122,179
Telecommunication equipment	98,280	5,460	-	103,740
Computer equipment and software	3,980,149	387,534	-	4,367,683
<b>Total as of December 31, 2011</b>	<b>4,479,433</b>	<b>466,763</b>	<b>-</b>	<b>4,946,196</b>
<b>Total as of December 31, 2010</b>	<b>3,968,211</b>	<b>515,465</b>	<b>4,243</b>	<b>4,479,433</b>

At the beginning of the year	Rate	For the year	Retirements	Depreciation At year-end	Net book value as of December 31, 2011	Net book value as of December 31, 2010
117,069	10%	30,360	-	147,429	205,165	165,776
62,481	20%	19,408	-	81,889	40,290	55,678
46,772	20%	13,238	-	60,010	43,730	51,508
3,241,400	33%	496,049	-	3,737,449	630,234	738,749
<b>3,467,722</b>		<b>559,055</b>	-	<b>4,026,777</b>	<b>919,419</b>	
2,727,635		744,330	4,243	3,467,722		1,011,711



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**Héctor Horacio Magnosto**  
Chairman

## Investments

### Exhibit C

#### Equity interest in other affiliates

As of December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

Long-term investments	Type of shares	Number	Par value	Cost value	(1) Book value
SHOSA	Common	123,341,081	Ps. 1.00	482,455,860	753,588,623
Goodwill					506,093,000
Vistone	Common	322,528,386	Ps. 1.00	320,638,946	844,744,176
VLG	-	-	-	97,947,290	127,843,913
Goodwill					102,604,232
CVB	Common	63,298,286	Ps. 1.00	57,766,258	188,466,797
CLC	Common	19,188,422	Ps. 1.00	19,191,422	50,437,318
Pem S.A.	Common	1	Ps. 1.00	1	2
AGEA	Common	141,199,126	Ps. 1.00	539,522,170	600,422,237
AGR	Common	1,254,128	Ps. 1.00	2,644,874	1,483,465
CIMECO	Common	37,412,958	Ps. 1.00	79,997,244	32,457,452
Goodwill					58,837,707
CMI	Common	98	Ps. 1.00	45,449	137,246
ARTEAR	Common	53,186,347	Ps. 1.00	152,243,761	334,638,791
IESA	Common	12,454	Ps. 1.00	48,085,768	102,719,136
Radio Mitre	Common	27,475,368	Ps. 1.00	77,695,113	35,433,452
GC Services	-	-	-	19,038,342	9,840,619
GCGC	Common	15,605,979	Ps. 1.00	16,512,381	7,810,923
CMD	Common	58,595,147	Ps. 1.00	112,025,302	32,382,979
GC Minor	Common	3,022,008	Ps. 1.00	3,470,803	5,920,670
<b>Total as of December 31, 2011</b>				<b>2,029,280,984</b>	<b>3,795,862,738</b>
<b>Total as of December 31, 2010</b>				<b>2,023,229,184</b>	<b>3,370,483,445</b>
<b>Other non-current liabilities</b>				<b>Cost value</b>	<b>Book value</b>
GCSA Investments	-	-	-	304	25,655,827
<b>Total as of December 31, 2011</b>				<b>304</b>	<b>25,655,827</b>
<b>Total as of December 31, 2010</b>				<b>304</b>	<b>19,125,902</b>

(1) In certain cases, the equity value does not correspond to the related shareholders' equity due to:  
(i) the adjustment of the equity value to the Company's accounting policies, as required by professional accounting standards, (ii) the elimination of goodwill generated by transactions between companies under the Company's common control, (iii) the existence of irrevocable contributions, and (iv) adjustments to fair market value of net assets for acquisitions made by the Company.

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**Exhibit C (CONTINUED)**

	Main business activity	Direct interest in capital and votes	Issuer's information As per financial statements as of December 31, 2011		
			Capital	Income / (Loss) for the year	Shareholders' equity
<b>Long-term investments</b>					
SHOSA	Investing and financing	97.0%	127,153,997	212,389,381	1,149,237,594
Vistone	Investing	95.0%	339,365,203	147,494,532	811,170,491
VLG	Investing and financing	11.0%	-	356,289,380	1,856,459,720
CVB	Investing and financing	95.0%	66,628,353	35,330,084	178,830,760
CLC	Investing and financing	99.9%	19,189,422	3,066,629	25,519,987
Pem S.A.	Investing	0.1%	13,558,511	3,490,056	26,104,546
AGEA	Printing and Publishing	99.9%	141,199,151	82,864,514	624,184,800
AGR	Graphic press	0.9%	138,865,295	14,779,286	175,609,525
CIMECO	Investing and financing	20.7%	180,479,453	42,801,943	276,667,036
CMI	Advertising	0.8%	12,000	4,481,332	16,805,783
GCSA Investments	Investing and financing	100.0%	-	(8,234,007)	(29,981,424)
ARTEAR	Broadcasting services	<sup>(1)</sup> 97.0%	54,859,553	105,998,066	351,049,391
IESA	Investing and financing	96.9%	12,857	(1,044,393)	106,870,914
Radio Mitre	Broadcasting services	94.7%	29,018,383	4,641,497	37,181,646
GCGC	Services	97.5%	16,006,285	(4,685,223)	8,011,280
CMD	Investing and financing	84.6%	69,295,301	1,031,637	85,668,592
GC Services	Investing and financing	100.0%	-	2,922,358	9,840,619
GC Minor	Investing and financing	95.0%	3,181,079	14,079	6,259,276

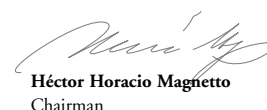
(1) % in votes amounts to 98.8%.



**Carlos Alberto Pedro Di Candia**  
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**Héctor Horacio Magnetto**  
Chairman

## Other Investments

As of December 31, 2011  
and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

### Exhibit D

Main account and securities characteristics	Book value as of December 31, 2011	Book value as of December 31, 2010
Other current investments:		
Financial instruments - Exhibit G	500,593	6,730,099
Money Market - Exhibit G	29,365,968	6,909,143
<b>Total</b>	<b>29,866,561</b>	<b>13,639,242</b>

## Allowances and Provisions

As of December 31, 2011  
and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

### Exhibit E

	Balance at the beginning of the year	Increases	Decreases	Balances as of December 31, 2011	Balances as of December 31, 2010
<b>Deducted from non-current assets</b>					
Other receivables					
Valuation allowance for net deferred tax assets	21,217,356	<sup>(1)</sup> 7,050,577	-	28,267,933	21,217,356
Valuation allowance for Tax on assets	32,470,574	<sup>(1)</sup> 1,751,439	2,916,114	31,305,899	32,470,574
Short-term Investments For goodwill impairment	28,432,495	-	-	28,432,495	28,432,495
<b>Total as of December 31, 2011</b>	<b>82,120,425</b>	<b>8,802,016</b>	<b>2,916,114</b>	<b>88,006,327</b>	
<b>Total as of December 31, 2010</b>	<b>80,612,320</b>	<b>6,806,933</b>	<b>5,298,828</b>		<b>82,120,425</b>

(1) Charged to Income tax and Tax on assets.



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Chairman

## Foreign Currency Assets and Liabilities

As of December 31, 2011  
and 2010

### Exhibit G

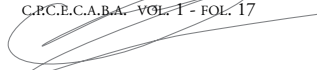
	Foreign currency type and amount	Effective exchange rate	Amount in Ps. as of December 31, 2011	Amount in Ps. as of December 31, 2010
<b>Assets</b>				
<b>Current assets</b>				
Bank accounts	USD	39,179	166,904	287,959
Other investments				
- Financial instruments	USD	117,510	500,593	474,809
- Money Market	USD	6,893,420	29,365,968	6,909,143
<b>Total current assets</b>			<b>30,033,465</b>	<b>7,671,911</b>
<b>Total assets</b>			<b>30,033,465</b>	<b>7,671,911</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Long-term debt	USD	-	-	71,242,000
<b>Total current liabilities</b>			-	<b>71,242,000</b>
<b>Total liabilities</b>			-	<b>71,242,000</b>

USD: United States dollars



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Chairman

**Information required  
under Section 64,  
Subsection b) of  
Law No. 19,550**

For the years ended  
December 31, 2011 and 2010  
In Argentine Pesos (Ps.) -  
Note 2.1

**Exhibit H**

Item	Administrative expenses	
	December 31, 2011	December 31, 2010
Salaries, Social Security and benefits to personnel <sup>(1)</sup>	52,683,078	40,801,930
Supervisory Committee's fees	195,000	177,000
Fees for services(2)	17,138,361	13,479,548
Taxes, duties and contributions	3,378,725	2,337,085
Other personnel expenses	706,914	540,795
General expenses	92,730	77,940
IT expenses	276,936	211,326
Maintenance expenses	947,768	556,340
Communication expenses	514,447	448,938
Advertising expenses	705,553	467,564
Travel expenses	2,314,133	2,089,339
Stationery and office supplies	47,706	104,883
Other expenses	3,402,002	2,598,943
<b>Total</b>	<b>82,403,353</b>	<b>63,891,631</b>

(1) Includes fees for technical and administrative services to Directors of Ps. 6,925,658 and Ps. 5,458,238, respectively. Additionally, they include the effect of the long-term savings plan mentioned in Note 13.

(2) Includes Directors' fees in the amount of Ps. 861,112 and Ps. 691,111, respectively.



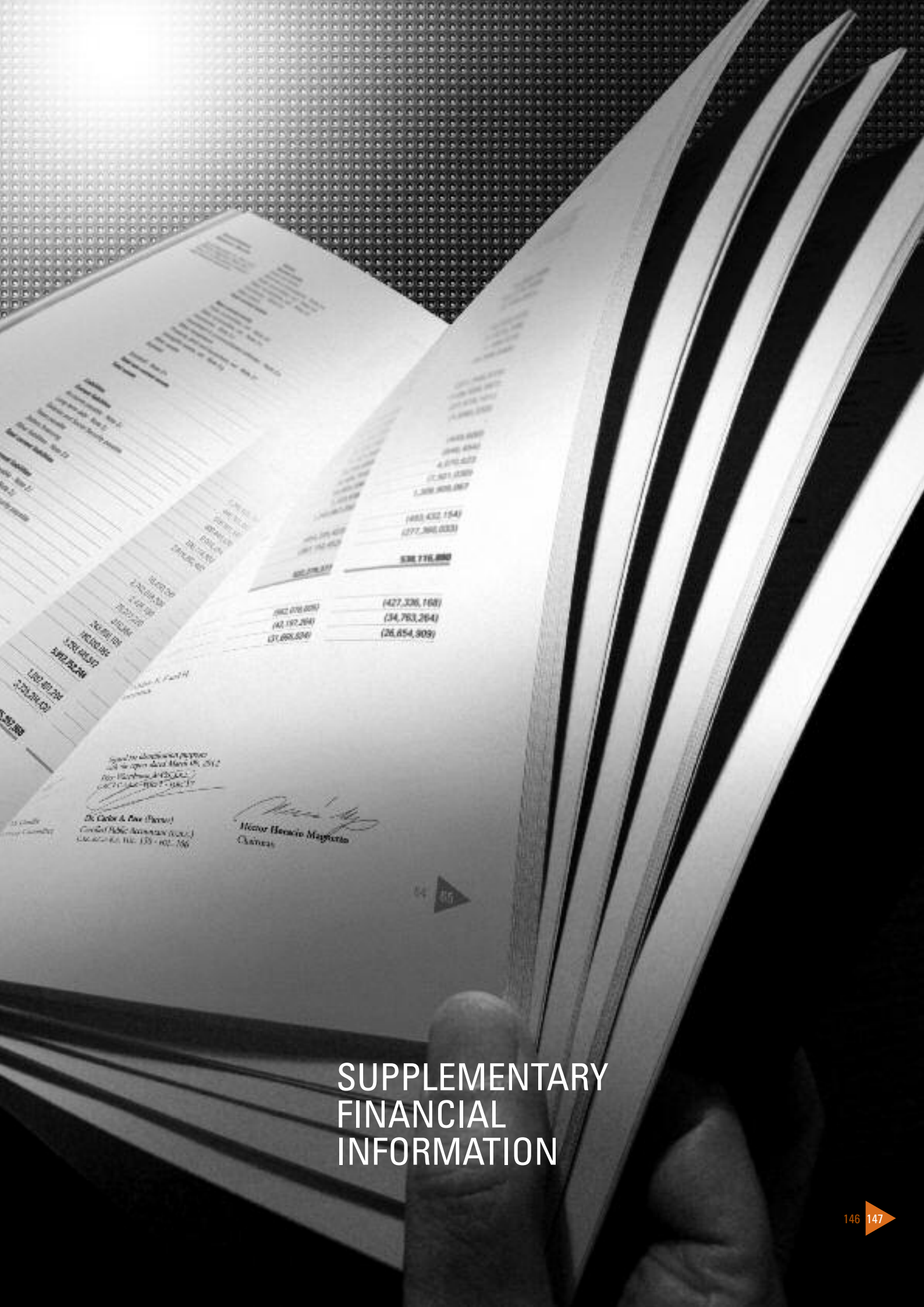
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# SUPPLEMENTARY FINANCIAL INFORMATION

## Supplementary Financial Information

As of December 31, 2011

### 1. Company's activities

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

The Company carried out its activities in the challenging context faced as a consequence of constant harassment of the media in general and, specifically, Grupo Clarín. Among the main activities carried out during the year, the following were the most significant:

In the Printing and Publishing segment, during the year, the Company continued to publish its traditional newspapers and magazines, focusing on strengthening its editorial offering through

the launch of new collectible and optional products, such as, the newspaper MUY launched in May 2011. Additionally, in October Grupo Clarín, through one of its subsidiaries, acquired 65.46% of the retail bookstore chain Cúspide.

In the Broadcasting and Programming segment, Canal 13 has been consolidating its leadership in audience share since May 2011. This leading position is mostly attributable to the outstanding performance of its programming grid both during the Prime Time (ShowMatch, "Herederos de una Venganza", "Los Únicos" and "El Puntero"), as well as during other times, with good results for the afternoon and weekend programs, such as "Sábado Show" and "Cantando 2011".

In the Cable Television and Internet Access segment, the Company focused on subscriber loyalty initiatives and on the expansion of its Cablevisión HD and broadband Internet access subscriber base. During the year, Fibertel launched a 30 Mbps high-speed connectivity product, the only one in the market. Progress was also made in the optimization of the reach of digital and premium services to cities and towns in the provinces.

### 2. Consolidated balance sheet structure

Note: the amounts are rounded up and stated in thousands of Argentine Pesos. The figures under total amounts may not represent the exact arithmetic sum of the other figures in the table.

	December 31, 2011	December 31, (1) 2010	December 31, (1) 2009	December 31, (1) 2008	December 31, (1) 2007
Current assets	2,983,660	2,279,872	1,792,060	1,680,433	1,493,484
Non-current assets	7,701,697	6,656,126	6,298,815	6,214,018	5,518,698
Total assets	10,685,358	8,935,998	8,090,874	7,894,451	7,012,181
Current liabilities	2,619,262	2,071,184	1,771,635	1,801,713	1,275,319
Non-current liabilities	3,293,490	2,661,478	2,896,235	3,170,281	3,163,195
Total liabilities	5,912,752	4,732,662	4,667,871	4,971,994	4,438,514
Minority interest	1,037,401	918,479	690,717	520,775	404,164
Shareholders' equity	3,735,204	3,284,857	2,732,286	2,401,683	2,169,503
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>10,685,358</b>	<b>8,935,998</b>	<b>8,090,874</b>	<b>7,894,451</b>	<b>7,012,181</b>

(1) Includes the changes to the balances in order to comply with CNV Resolution No. 576/2010, as mentioned in Note 2.4 to the parent company only financial statements.

### 3. Consolidated income (loss) structure

Note: the amounts are rounded up and stated in thousands of Argentine Pesos. The figures under total amounts may not represent the exact arithmetic sum of the other figures in the table.

	December 31, 2011	December 31, (1) 2010	December 31, (1) 2009	December 31, (1) 2008	December 31, (1) 2007
Operating income before depreciation and amortization (2)	2,598,651	2,351,839	1,985,663	1,674,643	1,350,807
Depreciation and amortization	(786,523)	(619,184)	(603,103)	(484,068)	(417,629)
Financing and holding results	(592,850)	(420,315)	(617,569)	(517,173)	(448,336)
Equity in earnings from unconsolidated affiliates, net	16,665	4,071	16,332	9,284	7,218
Other income (expense), net	7,724	(7,501)	(2,282)	(16,628)	(21,421)
Income before income tax, tax on assets and minority interest	1,243,667	1,308,909	779,041	666,057	470,639
Income tax and tax on assets	(454,235)	(493,432)	(298,508)	(286,597)	(178,030)
Minority interest	(267,152)	(277,360)	(180,879)	(107,396)	(66,957)
Net income for the year	522,279	538,117	299,654	272,064	225,652

(1) Includes the changes to the balances in order to comply with CNV Resolution No. 576/2010, as mentioned in Note 2.4 to the parent company only financial statements.

(2) Defined as net sales minus cost of sales (excluding depreciation and amortization) and minus expenses (excluding depreciation and amortization).

#### 4. Statistical data

	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
Cable TV subscribers <sup>(1)</sup>	3,490,320	3,357,853	3,192,950	3,190,570	3,022,344
Cable TV homes passed <sup>(2)</sup>	7,586,506	7,485,595	7,457,043	6,753,590	6,753,590
Cable TV churn ratio	15.1	14.3	15.8	15.3	13.2
Internet access subscribers <sup>(1)</sup>	1,351,107	1,128,171	988,031	938,767	757,116
Newspaper circulation <sup>(3)</sup>	331,238	360,816	394,796	431,098	442,861
Canal 13 audience share					
Prime Time <sup>(4)</sup>	42.2	42.2	40.1	43.3	42.4
Total Time <sup>(4)</sup>	33.0	31.0	29.7	33.5	34.5

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

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

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

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

#### 5. Ratios

	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
Liquidity (current assets / current liabilities)	1.14	1.10	1.01	0.93	1.17
Solvency (shareholders' equity/ total liabilities)	0.63	0.69	0.59	0.48	0.49
Capital assets (non-current assets / total assets)	0.72	0.74	0.78	0.79	0.79
Profitability (Net Income for the year/ average shareholders' equity)	0.15	0.18	0.12	0.12	0.12



## 6. Outlook

Grupo Clarín's corporate strategy is aimed at consolidating its presence in the local and regional market, strengthening its presence in the traditional media, with a growing focus on digital media and in the production and in the distribution of content.

Among its initiatives, the Company seeks to leverage its positioning in the Argentine industry and its vast knowledge of the media consumer to strengthen and develop its current businesses. One of its main objectives is to boost its cable television and Internet access services by leveraging its strong presence in distribution networks, the strength of its brands and, above all, its vast experience in content production.

In a framework of continued hostility against the media, the Company remains committed to informing with independence, to reaching all sectors of society and to supporting the quality and credibility values of its media. It will assess the implications of the laws related to its activities; while bringing the pertinent legal actions to safeguard its rights and those of its readers, audiences and clients.

Whatever the context, the Company will continue to assess eventual opportunities for

growth in the local and international market that may increase value for its shareholders and conform to its business strategy.

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

## 7. Progress made on the compliance with the implementation of the IFRS

On April 29, 2010, the Company's Board of Directors has approved the IFRS implementation plan. As of the date of these financial statements, the Company has not learnt of any circumstance that may require any changes to such plan or that may indicate an eventual departure from the objectives and dates established in such plan.

Note 1.2 to the consolidated financial statements and Note 2.5 to the parent company only financial statements disclose the information about reconciliation between effective Argentine professional accounting standards and IFRS, which is required by Technical Resolution No. 26 (amended by Technical Resolution No. 29).



**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

Signed for identification purposes  
with the report dated March 09, 2012  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 1 - FOL. 17

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (U.B.A.)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106



**Héctor Horacio Magnetto**  
Chairman

**Additional Information to the Notes to the Financial Statements - Section No. 68 of the Regulations issued by the Buenos Aires Stock Exchange**

Balance Sheet as of December 31, 2011

1) There are no specific material regulatory regimes currently applicable to the Company that may entail the contingent loss or acquisition of legal benefits.

2) As mentioned in Note 12 to the parent company only financial statements, during 2008 the Company carried out transactions that resulted in the acquisition of an equity interest in CIMECO.

3) Classification of receivables and liabilities is detailed in Note 7 to the parent company only financial statements.

4) Classification of receivables and liabilities according to their related financial effects is detailed in Note 7 to the parent company only financial statements and in Exhibit G thereof.

5) Equity interest under Section 33 of Law No. 19,550 is detailed in Exhibit C of the parent company only financial statements. Accounts receivable from and payable to related parties are disclosed under Note 4 to the parent company only financial statements. The following table summarizes the breakdown of such accounts payable and receivable as per the above points 3) and 4).

	Receivables	Liabilities
Without any established term	(1) 83,218,676	(1) 289,052
To fall due		
-Within three months	-	(1) 6,505,671
- More than three months and up to six months	-	(2) 121,224,914
<b>Total</b>	<b>83,218,676</b>	<b>128,019,637</b>

(1) The balances are denominated in local currency and do not accrue any interest.

(2) The balances are denominated in local currency and accrue interest at a fixed rate.

6) There are no trade receivables or loans to directors, members of the Supervisory Committee and their relatives up to, and including, the second degree of kinship and no such trade receivables or loans existed during the fiscal year.

7) The Company does not have any inventories.

8) The Company has used current values for the valuation of assets and liabilities acquired from Cablevisión, taking into account, mainly, the following criteria:

- Subscriber portfolio: valued based on, among other things, an analysis of the acquired subscriber portfolio's cash flow generation, considering the subscriber turnover of such portfolio, discounted at a market rate.

- Financial debt: since the acquired companies were not listed at the time of the acquisition, the financial debt was valued based on cash flow discounted at a market rate.

- Fixed assets: valued based on internal estimates made by the subsidiaries according to available information (kilometers and technical characteristics of the network, replacement value per kilometer and type of network based on business knowledge and purchase price of the resources needed, state of the network at the time of acquisition, real estate appraisals of the most significant real property, among others).

Similarly, the Company has recorded the net acquired assets of CIMECO at fair value.

9) The Company does not have any property, plant and equipment subject to appraisal write-up.

10) The Company does not have any obsolete property, plant and equipment.

11) The Company is not subject to the restrictions under section 31 of Law No. 19,550, since its main corporate purposes are investment and finance.

12) The Company assesses the recoverable value of its long-term investments each time it prepares its financial statements. In the case of

investments for which the Company does not book goodwill with an indefinite useful life, it assesses their recoverable value when there is any indication of impairment. In the case of investments for which the Company books goodwill with an indefinite useful life, it assesses their recoverable value by comparing the book value with cash flows discounted at the corresponding discount rate, considering the weighted average capital cost, and taking into consideration the projected performance of the main operating variables of the respective companies.

13) As of December 31, 2011, the Company does not have any relevant tangible property, plant and equipment requiring efficient insurance coverage.

14) Booked provisions for contingencies do not exceed, either individually or as a whole, two percent (2%) of its shareholders' equity.

15) As of the date of these financial statements, the Company does not have any contingent situations, the financial effects of which, if any, have not been booked (see Note 15 to the parent company only financial statements).

16) The Company does not have any irrevocable contributions on account of future share subscriptions.

17) The Company does not have any unpaid cumulative dividends on preferred shares.

18) Note 11.2 to the parent company only financial statements explain the treatment given to retained earnings.



**Carlos Alberto Pedro Di Candia**  
Chairman of the Supervisory Committee

Signed for identification purposes  
with the report dated March 09, 2012  
Price Waterhouse & Co. S.R.L.  
C.P.C.E.C.A.B.A. VOL. 17 - FOL. 17

**Dr. Carlos A. Pace** (Partner)  
Certified Public Accountant (U.B.A.)  
C.P.C.E.C.A.B.A. VOL. 150 - FOL. 106



**Héctor Horacio Magnosto**  
Chairman

## Report of Independent Accountants

Free translation from  
the original  
prepared in Spanish

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

1. We have audited the balance sheet of Grupo Clarín S.A. at December 31, 2011, and the related statements of income, of changes in shareholders' equity and of cash flows for the year then ended and complementary Notes 1 to 15 and Exhibits A, C, D, E, G and H.

Furthermore, we have examined the consolidated financial statements of Grupo Clarín S.A. with its subsidiaries, for the year ended December 31, 2011, which are presented as complementary information. The preparation and issuance of these financial statements are the responsibility of the Company. Our responsibility is to express an opinion on the financial statements based on our audits.

2. Except for the matter described in point 6., we conducted our audits in accordance with auditing standards in effect in Argentina. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and to form an opinion about the reasonableness of the relevant information contained in the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

3. On October 10, 2009, Audiovisual Communication Services Law 26,522 (the "Law") was enacted which repeals Broadcasting Law 22,285 under which the Company provides audiovisual communication services through its subsidiaries.

As mentioned in Note 15 to the parent-only financial statements and in Note 11 to the consolidated financial statements, the Company and certain subsidiaries are analyzing the possible consequences that could be derived from the change of regulatory framework on their business. As indicated in Note 15 to the parent-only financial statements, the Company is bringing and will bring all legal actions corresponding to each instance to safeguard its rights and those of its shareholders.

Accordingly, there is uncertainty as to the effect that this change in the regulatory framework and the outcome of the legal actions being brought by the Company could have on the activities of the economic group and, therefore, on its financial statements taken as a whole.

4. As mentioned in Notes 8.2.b, 8.2.c. and 8.2.i. to the consolidated financial statements, since September 2009, the Federal Broadcasting Committee, the National Antitrust Commission, the Secretariat of Domestic Trade ("SCI", for its Spanish acronym), the Argentine Secretariat of Communications and the Ministry of Economy and Public Finance have issued several resolutions on matters related to: (i) the acquisition of Cablevisión S.A., Multicanal S.A. and other companies, and their subsequent merger, and (ii) the revocation of the license that had been originally granted to

FIBERTEL S.A. In addition, as indicated in Note 8.2.m to the consolidated financial statements, the subsidiary Cablevisión was served with a preliminary injunction granted to a third party ordering the separation of the assets, liabilities and businesses that used to belong of Multicanal S.A. and that were subsequently merged into Cablevisión and the appointment of a court-appointed supervisor (interventor) and co-administrator. As indicated in the above-mentioned Notes, the subsidiary Cablevisión has brought legal actions as it considered appropriate.

Accordingly, there is uncertainty regarding the effect of the final resolution of these situations mentioned on subsidiary Cablevisión S.A. business and, therefore, on the financial statements of the company taken as a whole.

5. As mentioned in Note 8.2.g. to the consolidated financial statements, on March 3, 2010 the Secretariat of Domestic Trade ("SCI") issued Resolution 50/10 establishing a formula for calculation of the monthly subscription price to be paid by the users of pay-television services. As indicated in the same Note, on March 10, 2011 SCI Resolution No. 36/11 was published in the Official Gazette establishing the parameters to be applied to the services rendered by Cablevisión. On May 2, June 30, August 31, October 31 and December 29, 2011, the SCI extended the term of Resolution No. 36/11 until March 2012.

As indicated in that Note, the subsidiary Cablevisión filed the corresponding administrative claims and will bring the necessary legal actions requesting the suspension of the effects and the eventual annulment of those resolutions.

Accordingly, there is uncertainty as to the effect that the outcome of the situation could have on the subsidiary Cablevisión and its subsidiaries' business and, therefore, on the recoverability of its assets.

6. As mentioned in Note 1 to the consolidated financial statements, Papel Prensa S.A.I.C.F. y de M. has not issued or approved its financial statements as of December 31, 2011. To calculate the equity value of its investment in Papel Prensa, the Company has relied on the financial statements as of September 30, 2011, approved by Papel Prensa's Board of Directors, which have been subject to limited review by its auditors, and on an estimate made by the Company of the results of the October-December 2011 quarter. This situation is not in accordance with the professional accounting standards in force, which require that the financial statements used to apply the equity method have an auditor's report issued by an independent certified public accountant. Additionally, and in view of the above-described situation, we were not able either to perform the necessary audit procedures aimed at conforming to the reasonableness of the information, used by the Company to calculate the equity value of its investment. The Company's investment in Papel Prensa disclosed in the consolidated financial statements as of December 31, 2011 amounts to Ps. 194,029,432.

7. As indicated in Note 1.2 to the consolidated financial statements and in Note 2.5 to the parent-only financial statements, the items and figures contained in the reconciliations included in those Notes, may be subject to changes and may only be deemed final when the annual financial statements have been prepared for the year in which the IFRS are adopted for the first

time. These reconciliations are also affected by the situation described in point 6.

8. In our opinion, except for the effect on the financial statement of potential adjustments, if any, that might result from not having had the scope limitation of our work and the deviation from professional accounting standards as indicated in point 6., and subject to the effect on these financial statements of potential adjustments and/or reclassifications, if any, that might be required as a result of the resolution of the uncertainties described in points 3., 4. and 5.:

- a) The financial statements of Grupo Clarín S.A. present fairly, in all material respects, its financial position at December 31, 2011, the results of its operations, the changes in its shareholders' equity and its cash flows for the year then ended, in conformity with professional accounting standards in effect in the Autonomous City of Buenos Aires;
- b) The consolidated financial statements of Grupo Clarín S.A. with its subsidiaries present fairly, in all material respects, its consolidated financial position at December 31, 2011, the consolidated results of its operations and its consolidated cash flows for the year then ended, in conformity with professional accounting standards in effect in the Autonomous City of Buenos Aires.

9. The financial statements of the Company as of December 31, 2010 were audited by us, on which we have issued an opinion, dated March 10, 2011, with qualifications similar to those mentioned in points 3., 4., 5. and 6. The corresponding figures for the year were adequate according to the change in accounting criteria

described in Note 2.4 to the parent-only financial statements and Note 1.3 to the consolidated financial statements, which we share to be coincident with professional accounting standards in effect in the Autonomous City of Buenos Aires. The effects of the change of criteria are shown in the same Notes.

10. In accordance with current regulations, we report that:

- a) The financial statements of Grupo Clarín S.A. and its consolidated financial statements have been transcribed to the "Inventory and Balance Sheet" book and comply with the Corporations Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters that are within our competence;
- b) The financial statements of Grupo Clarín S.A. arise from accounting records kept in all formal respects in conformity with legal provisions which maintain the security and integrity conditions based on which they were authorized by the Argentine Securities Commission;
- c) We have read the supplementary financial information and the additional information to the Notes to the financial statements required by section 68 of the listing regulations of the Buenos Aires Stock Exchange, on which, as regards those matters that are within our competence, we have no observations to make other than those already stated in points 3., 4., 5. and 6.;
- d) At December 31, 2011, the debt accrued in favor of the (Argentine) Integrated Social Security System according to the Company's

accounting records and calculations amounted to \$874,056, none of which was claimable at that date;

e) In accordance with section 4 of General Resolution No. 400 issued by the Argentine Securities Commission, amending section 18 subsection e) of the title III.9.1 of the Rules of such Commission, we inform that the total of fees for audit and related services invoiced to the Company for the year ended December 31, 2011, represent:

e.1) 99% on the total fees for services invoiced to the Company for all concepts in that year;

e.2) 12% on the total fees for audit and related services invoiced to the Company, its parent companies, subsidiaries and affiliates in that year;

e.3) 11% on the total fees for services invoiced to the Company, its parent companies, subsidiaries and affiliates for all concepts in that year.

f) We have applied the procedures on prevention of asset laundering and terrorism funding set forth in the relevant professional rules issued by the Professional Council for Economic Sciences of the Autonomous City of Buenos Aires.

Autonomous City of Buenos Aires,  
March 9, 2012

Price Waterhouse & Co. S.R.L.



**Dr. Carlos A. Pace** (Partner)

## Supervisory Committee's Report

### To the Shareholders of Grupo Clarín S.A.

In our capacity as members of Grupo Clarín S.A.'s Supervisory Committee and pursuant to subsection 5, section 294 of the Argentine Business Associations Law No. 19.550, we have performed a review of the documents mentioned in Section I below, within the scope set forth in Section II below. The preparation and issuance of the documents referred to above are the responsibility of the Company's Board of Directors, in exercise of its exclusive duties. Our responsibility is to report on such documents, based on the work performed within the scope set forth in II.

#### I. Documents subject to review

- a) Balance Sheet as of December 31, 2011.
- b) Statement of Income for the year ended December 31, 2011.
- c) Statement of Changes in Shareholders' Equity for the year ended December 31, 2011.
- d) Statement of Cash Flows for the year ended December 31, 2011.
- e) Notes 1 through 15 and Exhibits A, C, D, E, G and H to the financial statements as of December 31, 2011.
- f) Supplementary information consisting of the consolidated financial statements of the Company with its subsidiaries, with its Notes 1 through 14 and exhibits E, F and H, for the year ended December 31, 2011.
- g) The Supplementary Financial Information required by the Comisión Nacional de Valores (Argentine Securities Commission, or CNV, for its Spanish Acronym) for the year ended December 31, 2011.
- h) Additional information to the notes to the financial statements as of December 31, 2011 required by Section 68 of the listing regulations of the Buenos Aires Stock Exchange.
- i) The Annual Report and the Inventory for the year ended December 31, 2011.

The parent company only and consolidated balance sheets, statements of income, of changes in shareholders' equity and of cash flows referred to in paragraphs a), b), c) and d) above and the related supplementary information referred to in e) and f) above are presented on a comparative basis with the information arising from the respective financial statements and supplementary information as of December 31, 2010.

#### II. Scope of the review

Except for point 4 of section III), we conducted our review in accordance with statutory auditing standards established by Law No. 19,550 as amended and, to the extent applicable, by the

provisions of Technical Resolution No. 15 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Professional Councils of Economic Sciences). Said standards require that the review of the financial statements be conducted in accordance with effective auditing standards, that the reviewed documents and information be consistent with the information on corporate decisions stated in minutes and that such decisions conform to the law and the by-laws, in all formal and documentary aspects.

In order to conduct our professional work on the documents detailed in Section I above, we have reviewed the work performed by the external auditors, Price Waterhouse & Co. S.R.L., who issued their report on March 9, 2012, pursuant to effective auditing standards. Our review included the findings of the audit carried out by such auditors.

An audit requires that the auditors plan and perform their work for the purposes of obtaining reasonable assurance about whether the financial statements are free of material misstatement and significant errors. An audit comprises examining, on a test basis, evidence supporting the disclosures in the financial statements, as well as assessing the accounting principles used and significant estimates made by the Company's Management, as well as evaluating the overall financial statement presentation. In view of the fact that the Supervisory Committee is not responsible for management control, the review did not embrace the corporate criteria and decisions of the Company's different areas since these matters are within the Board of Directors' exclusive responsibilities.

In connection with the Board of Directors' Annual Report, the Supplementary Financial Information required by CNV Regulations and the Additional information to the notes to the financial statements required by Section No. 68 of the Regulations issued by the Buenos Aires Stock Exchange, all for the year ended December 31, 2011, we have verified that, respectively, these documents have the information required by section 66 of the Argentine Business Associations Law No. 19,550, point 4 of Exhibit I, Chapter XXIII, of CNV Regulations and Section No. 68 of the Regulations issued by the Buenos Aires Stock Exchange. The representations included in such documents concerning the economic framework in which the Company operated, the corporate management and future events are the Board of Directors' exclusive responsibility. Furthermore, concerning the accounting figures disclosed in said documents,



within the field of our competence, we have verified that said figures are consistent with the Company's accounting records and other related documents.

### III. Prior comments

1. On October 10, 2009, Audiovisual Communication Services Law 26,522 (the "Law") was enacted which repeals Broadcasting Law 22,285 under which the Company's subsidiaries provide audiovisual communication services.

As mentioned in Note 15 to the parent company only financial statements and in Note 11 to the consolidated financial statements, the Company and certain subsidiaries are analyzing the possible consequences that could be derived from the change in the regulatory framework on their business, and legal actions are being and will be brought at each instance to safeguard its rights and those of its shareholders.

Accordingly, there is uncertainty as to the effect that this change in the regulatory framework and the outcome of the legal actions being brought by the Company could have on the activities of the economic group and, therefore, on these financial statements.

2. As mentioned in Notes 8.2.b., 8.2.c., and 8.2.i. to the consolidated financial statements, since September 2009 the Federal Broadcasting Committee, the National Antitrust Commission, the Secretariat of Domestic Trade ("SCI", for its Spanish acronym), the Argentine Secretariat of Communications and the Ministry of Economy and Public Finance have issued several resolutions on matters related to: (i) the acquisition of Cablevisión S.A., Multicanal S.A. and other companies, and their subsequent merger, and (ii) the revocation of the License that had been originally granted to FIBERTEL S.A. Additionally, as mentioned in Note 8.2.m. to the consolidated financial statements, the subsidiary Cablevisión S.A. was served with a preliminary injunction granted to a third party ordering the separation of the assets, liabilities and businesses that used to belong to Multicanal S.A. and that were subsequently merged into Cablevisión S.A. and the appointment of a court-appointed supervisor (interventor) and co-administrator. As mentioned in the above-mentioned notes, Cablevisión S.A. has brought legal actions as it considered appropriate.

Accordingly, there is uncertainty as to the effect that the final outcome of these situations could have on the activities of the subsidiary Cablevisión S.A. and, therefore, on these financial statements.

3. As mentioned in Note 8.2.g. to the consolidated financial statements, on March 3, 2010 the Secretariat of Domestic Trade ("SCI") issued Resolution 50/10 establishing a formula for the calculation of the monthly subscription price to be paid by the users of pay-television services. On March 10, 2011 SCI Resolution No. 36/11 was published in the Official Gazette establishing the parameters to be applied to the services rendered by Cablevisión. On May 2, June 30, August 31, October 31 and December 29, 2011, the SCI extended the term of Resolution No. 36/11 until March 2012. As indicated in that note, Cablevisión S.A. has filed the corresponding administrative claims and will bring the necessary legal actions requesting the suspension of the effects and the eventual annulment of those resolutions.

Accordingly, there is uncertainty as to the effect that the outcome of the situation could have on the subsidiary Cablevisión S.A. and its subsidiaries' business and, therefore, on the recoverability of its assets and these financial statements.

4. As mentioned in Note 1 to the consolidated financial statements, the Company does not have Papel Prensa S.A.I.C.F. y M.'s financial statements as of December 31, 2011 to support its equity interest in such company. Therefore, in preparing the Company's financial statements mentioned in section I., the Company has relied on Papel Prensa's financial statements as of September 30, 2011 approved by that company's Board of Directors, which were subject to a limited review by its auditors, and on an estimate made by the Company of the October-December 2011 results. This situation is not in accordance with the professional accounting standards in force, which require the use of financial statements that have an audit report issued by an independent certified public accountant. Additionally, in view of the above-mentioned situation, we have been unable to perform the audit procedures on such investment in that company, which amounts to Ps. 194,029,432, as disclosed under Investment in unconsolidated affiliates in the financial statements as of December 31, 2011.

5. As indicated in Note 1.2 to the consolidated financial statements and in Note 2.5 to the parent company only financial statements, the items and figures contained in the reconciliations included in those notes may be subject to changes and may only be deemed final once the Company has prepared the annual financial statements for the year in which the International Financial Reporting Standards are applied for the first time. These reconciliations may also be affected by the situation described in point 4 of this section.

#### IV. Supervisory Committee's opinion

1. In our opinion, except for the effect on the financial statements of eventual adjustments, if any, that might result from not having had the scope limitation in our work and the deviation from professional accounting standards as indicated in point 4 of section III and subject to the effect on these financial statements of potential adjustments and/or reclassifications, if any, that may be required as a result of the resolution of the uncertainties described in points 1 through 3 of section III:

a) The financial statements detailed in items a) through e) of Section I above present fairly, in all material respects, the financial position of Grupo Clarín S.A. as of December 31, 2011, and the results of its operations, the changes in its Shareholders' Equity and its cash flows for the year then ended in conformity with effective professional accounting standards.

b) In our opinion, the consolidated financial statements as of December 31, 2011 set out in point f) of Section I above have been prepared in accordance with the basis for the preparation and presentation of consolidated financial statements detailed in Note 1 to such consolidated statements, which are in line with the guidelines of Technical Resolution No. 21 of the Argentine Federation of Professional Councils in Economic Sciences.

2. The Board of Directors' Annual Report, the Supplementary Financial Information required by CNV Regulations and the Additional information to the notes to the financial statements required by Section No. 68 of the Regulations issued by the Buenos Aires Stock Exchange, all for the year ended December 31, 2011, contain, respectively, the information required by section 66 of the Argentine Business Associations Law No. 19,550, point 4 of Exhibit I, Chapter XXIII, of CNV Regulations and Section No. 68 of the Regulations issued by the Buenos Aires Stock Exchange. The representations included in such documents concerning the economic framework in which the Company operated, the corporate management and future events are the Board of Directors' exclusive responsibility. Concerning the accounting figures disclosed in said documents, within the scope of our competence, we have verified that said figures are consistent with the Company's accounting records and other related documents. We do not have any observations on those figures other than those indicated in points 1. through 4. of section III.

3. The figures disclosed in the Financial Statements mentioned in items a) through e) of Section I

above and the corresponding Inventory arise from the Company's accounting records kept, in all formal aspects, in accordance with effective legislation that provides for the assurance and completeness based on which they were authorized by the CNV. Such financial statements, as well as the consolidated financial statements mentioned in point f) of section I, have been recorded in the "Inventory and Balance Sheet" legal book.

#### V. Additional Information required by the Regulations of the Argentine Securities Commission

Pursuant to the Regulations issued by the Argentine Securities Commission, we hereby report that:

a) The accounting policies applied in the preparation of the financial statements mentioned in items a) through e) of Section I above are in accordance with professional accounting standards. In particular, we refer to point 4. of section III in Prior comments;

b) Furthermore, we report that in exercise of the legality control within our competence, during the year ended December 31, 2011, we have applied the procedures set forth in Section 294 of Law No. 19.550, as deemed necessary pursuant to the circumstances and we have no observations to make in that regard; and

c) The external auditors have conducted their audit in accordance with effective auditing standards set forth by the Argentine Federation of Professional Councils in Economic Sciences. Such standards require the external auditors' independence and unbiased opinion for conducting the audit of the financial statements.

#### VI. Information required by the rules of the financial reporting unit

We have applied the asset laundering and terrorist financing crimes prevention procedures provided under Resolution No. 77/2011 issued by the Board of the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Professional Council in Economic Sciences of the City of Buenos Aires).

City of Buenos Aires,  
March 9, 2012



**Carlos Alberto Pedro Di Candia**  
Chairman



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