



Cablevisión Holding S.A.

Interim Condensed Consolidated Financial Statements

As of September 30, 2017 and for the five-month period beginning May 1, 2017
and ended September 30, 2017

Free translation from the original prepared in Spanish for publication in Argentina.

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Cablevisión Holding S.A.

Registration number with the IGJ: 1,908,463

Interim Condensed Consolidated Financial Statements as of September 30, 2017 and for the five-month period beginning May 1, 2017 and ended September 30, 2017

GLOSSARY OF SELECTED TERMS

AEDBA.....	Association of Newspaper Publishers of the City of Buenos Aires
AFIP.....	<i>Administración Federal de Ingresos Públicos</i> (Argentine Federal Revenue Service)
AFSCA.....	<i>Autoridad Federal de Servicios de Comunicación Audiovisual</i> (Audiovisual Communication Services Law Federal Enforcement Authority)
AFTIC.....	Information and Communications Technology Federal Enforcement Authority
APE.....	<i>Acuerdo preventivo extrajudicial</i> (pre-packaged insolvency plan)
ATVC.....	<i>Asociación de Televisión por Cable</i> (Argentine Cable Television Association)
BCBA.....	<i>Bolsa de Comercio de Buenos Aires</i> (Buenos Aires Stock Exchange).
Cablevisión.....	Cablevisión S.A.
Cablevisión Holding or the Company.....	Cablevisión Holding S.A.
CNDC.....	<i>Comisión Nacional de Defensa de la Competencia</i> (National Antitrust Commission);
CNV.....	<i>Comisión Nacional de Valores</i> (Argentine Securities Commission)
CPCECABA.....	<i>Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires</i> (Professional Council in Economic Sciences of the City of Buenos Aires)
COMFER.....	<i>Comité Federal de Radiodifusión</i> (Federal Broadcasting Committee)
ENACOM.....	<i>Ente Nacional de Comunicaciones</i> (National Communications Agency “ENACOM”, for its Spanish acronym)
FACPCE.....	<i>Federación Argentina de Consejos Profesionales de Ciencias Económicas</i> (Argentine Federation of Professional Councils in Economic Sciences)
Fintech.....	Fintech Advisory, Inc. together with its affiliates
GCSA Equity.....	GCSA Equity, LLC
GDS.....	Global Depositary Shares
Grupo Clarín.....	Grupo Clarín S.A.
IASB.....	International Accounting Standards Board
IFRIC or CINIIF.....	International Financial Reporting Interpretations Committee
IFRS.....	International Financial Reporting Standards
IGJ.....	<i>Inspección General de Justicia</i> (Argentine Superintendency of Legal Entities)
VAT.....	Value Added Tax
Antitrust Law.....	Law No. 25,156, as amended
Audiovisual Communication Services Law.....	Law No. 26,522 and its regulations
LSE.....	London Stock Exchange
Multicanal.....	Multicanal S.A.
IAS.....	International Accounting Standards
PEM.....	PEM S.A.
PRIMA.....	Primera Red Interactiva de Medios Argentinos (PRIMA) S.A.
NEXTEL.....	NEXTEL Communications Argentina S.R.L.
SCI.....	<i>Secretaría de Comercio Interior</i> (Secretariat of Domestic Trade)
SECOM.....	<i>Secretaría de Comunicaciones</i> (Argentine Secretariat of Communications)
Supercanal.....	Supercanal Holding S.A.
Telecom.....	Telecom Argentina S.A.
Teledigital.....	Teledigital Cable S.A.
UIF.....	Financial Information Unit
VLG.....	VLG Argentina, LLC

See our report dated
November 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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

Carlos Alberto Pedro Di Candia
Supervisory Committee

Alejandro Alberto Urricelqui
Chairman

Cablevisión Holding S.A.

Registration number with the IGJ: 1,908,463

Interim Condensed Consolidated Financial Statements as of September 30, 2017 and for the five-month period beginning May 1, 2017 and ended September 30, 2017

In Argentine Pesos (Ps.) – Notes 2.1 and 2.11 to the interim condensed consolidated financial statements and Notes 2.1 and 2.7 to the interim condensed parent company only financial statements.

Registered office: Tacuarí 1842, Piso 4º, Buenos Aires, Argentina

Main corporate business: Investing and financing

Date of incorporation: December 1, 2016

Date of registration with the Public Registry of Commerce:
- Of the by-laws: April 27, 2017

Business start date: May 1, 2017

Registration number with the IGJ: 1,908,463

Expiration of articles of incorporation: April 27, 2116

Information on Parent company:

Name: GC Dominio S.A.

Registered office: Piedras 1743, Buenos Aires, Argentina

Information on the subsidiaries in Note 2.4 to the interim condensed consolidated financial statements and Note 4.5 to the interim condensed parent company only financial statements.

CAPITAL STRUCTURE (See Note 10 to the interim condensed parent company only financial statements)

Type	Number of votes per share	Outstanding Shares	Treasury Stock	Total Subscribed, Registered and Paid-in Capital
Class “A” Common shares, Ps.1 par value	5	47,753,621	-	47,753,621
Class “B” Common shares, Ps.1 par value	1	121,104,504	1,578	121,106,082
Class “C” Common shares, Ps.1 par value	1	11,782,877	-	11,782,877
Total as of September 30, 2017		180,641,002	1,578	180,642,580

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CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIVE-MONTH PERIOD BEGINNING MAY 1, 2017
AND ENDED SEPTEMBER 30, 2017
(In Argentine Pesos)

	Notes	<u>Five-month period ended September 30, 2017</u>	<u>July 1, 2017 through September 30, 2017</u>
Continuing Operations			
Revenues	6.1	17,225,283,535	10,544,680,208
Cost of Sales (1)	6.2	<u>(7,937,426,500)</u>	<u>(4,922,279,152)</u>
Gross income		9,287,857,035	5,622,401,056
Selling Expenses (1)	6.3	(2,638,632,084)	(1,689,214,075)
Administrative Expenses (1)	6.3	(1,946,316,554)	(1,212,391,227)
Other Income and Expenses, net		406,776	(1,221,355)
Financial Costs	6.4	(1,151,950,575)	(371,750,533)
Other Financial Results, net	6.5	<u>(460,227,940)</u>	<u>(445,725,062)</u>
Financial Results		(1,612,178,515)	(817,475,595)
Equity in Earnings from Associates		<u>63,464,217</u>	<u>37,978,497</u>
Income before Income Tax and Tax on Assets		3,154,600,875	1,940,077,301
Income Tax and Tax on Assets		<u>(1,113,555,970)</u>	<u>(657,645,956)</u>
Net income for the period		<u><u>2,041,044,905</u></u>	<u><u>1,282,431,345</u></u>
Other Comprehensive Income			
Items which can be reclassified to net income			
Variation in Translation Differences of Foreign Operations		<u>203,659,087</u>	<u>141,296,854</u>
Total Comprehensive Income for the Period		<u><u>2,244,703,992</u></u>	<u><u>1,423,728,199</u></u>
Net Income attributable to:			
Shareholders of the Controlling Company		1,147,769,382	717,078,672
Non-Controlling Interest		893,275,523	565,352,673
Total Comprehensive Income Attributable to:			
Shareholders of the Controlling Company		1,246,366,622	782,600,450
Non-Controlling Interest		998,337,370	641,127,749
Basic and Diluted Earnings per Share (See Note 11)		6.35	3.97

⁽¹⁾ Includes Amortization of Intangible Assets and Depreciation of Property, Plant and Equipment for Ps. 1,597,078,923.

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

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Chairman

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2017
(In Argentine Pesos)

	Notes	<u>September 30,</u> <u>2017</u>
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	7.1	20,494,675,570
Intangible Assets	7.2	2,354,275,042
Goodwill	7.3	3,531,653,014
Investments in Associates	7.5	207,629,078
Deferred Tax Assets		98,011,059
Other Receivables	7.6	347,677,365
Total Non-Current Assets		<u>27,033,921,128</u>
CURRENT ASSETS		
Inventories	7.8	110,632,894
Other Assets	7.9.2.	311,515,414
Other Receivables	7.6	969,116,122
Trade Receivables	7.7	1,735,363,228
Investments	7.4	13,246,742,770
Cash and Banks		1,758,203,926
Total Current Assets		<u>18,131,574,354</u>
Total Assets		<u>45,165,495,482</u>
EQUITY (as per the corresponding statement)		
Attributable to Shareholders of the Parent Company		
Shareholders' Contributions		1,263,686,300
Other Items		844,433,669
Accumulated Income		5,748,779,231
Total Attributable to Shareholders of the Parent Company		<u>7,856,899,200</u>
Attributable to Non-Controlling Interests		5,623,527,201
Total Shareholders' Equity		<u>13,480,426,401</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Bank and Financial Debt	7.9	22,084,697,385
Deferred Tax Liabilities		393,671,024
Provisions and Other Charges	7.10	1,035,076,970
Taxes Payable	7.11	3,562,822
Other Liabilities	7.12	122,370,891
Total Non-Current Liabilities		<u>23,639,379,092</u>
CURRENT LIABILITIES		
Bank and Financial Debt	7.9	1,127,615,341
Taxes Payable	7.11	1,815,748,146
Other Liabilities	7.12	192,634,835
Trade Payables and Other	7.13	4,909,691,667
Total Current Liabilities		<u>8,045,689,989</u>
Total Liabilities		<u>31,685,069,081</u>
Total Equity and Liabilities		<u>45,165,495,482</u>

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

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CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIVE-MONTH PERIOD BEGINNING MAY 1, 2017 AND ENDED SEPTEMBER 30, 2017
(In Argentine Pesos)

	Equity attributable to Shareholders of the Parent Company											
	Shareholders' Contributions				Other Items		Accumulated Income			Total Equity of Controlling Interests	Equity Attributable to Non-Controlling Interests	Total Equity
	Capital Stock	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Subtotal	Translation of Foreign Operations	Other Reserves	Legal Reserve	Optional reserves (2)	Retained Earnings			
Balances as of May 1, 2017	180,642,580	194,762,882	888,280,838	1,263,686,300	749,470,539	(3,203,262)	75,081,092	3,691,570,698	834,358,059	6,610,963,426	4,625,189,831	11,236,153,257
Exchange of Shares - Payment of fractions in cash (see Note 10 to the parent company only financial statements.)	-	-	-	-	-	(430,848)	-	-	-	(430,848)	-	(430,848)
Net Income for the period	-	-	-	-	-	-	-	-	1,147,769,382	1,147,769,382	893,275,523	2,041,044,905
Other Comprehensive Income: Variation in Translation Differences of Foreign Operations	-	-	-	-	98,597,240	-	-	-	-	98,597,240	105,061,847	203,659,087
Balances as of September 30, 2017	⁽¹⁾ 180,642,580	194,762,882	888,280,838	1,263,686,300	848,067,779	(3,634,110)	75,081,092	3,691,570,698	1,982,127,441	7,856,899,200	5,623,527,201	13,480,426,401

(1) Includes 1,578 treasury shares. See Note 10 to the parent company only financial statements.

(2) Broken down as follows: (i) Optional reserve for future dividends of Ps. 1,813,178,108; (ii) Optional reserve to ensure the liquidity of the Company and its subsidiaries of Ps. 659,951,291, (iii) Optional reserve for illiquidity of results of Ps. 436,412,739, and (iv) Optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law of Ps. 782,028,560.

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CABLEVISIÓN HOLDING S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIVE-MONTH PERIOD BEGINNING MAY 1, 2017 AND ENDED SEPTEMBER 30, 2017
(In Argentine Pesos)

	Five-month period ended September 30, 2017
CASH PROVIDED BY OPERATING ACTIVITIES	
Net income for the period	2,041,044,905
Income Tax and Tax on Assets	1,113,555,970
Adjustments to reconcile net income for the period to cash provided by operating activities	
Equity in Earnings for the period from Associates	(63,464,217)
Depreciation of Property, Plant and Equipment	1,586,738,740
Amortization of Intangible Assets	10,340,183
Obsolescence of Materials	5,971,089
Provisions	361,774,871
Income from Sale of Property, Plant and Equipment	(2,453,675)
Accrued Interest, net	303,951,943
Other Financial Results	1,058,479,282
Other Income and Expenses, net	437,909
Net Decrease of Property, Plant and Equipment	323,682,382
Changes in Assets and Liabilities	
Trade Receivables	247,669,979
Other Receivables	375,100,853
Inventories	52,512,582
Trade Payables and Other	783,170,337
Taxes Payable	(46,955,150)
Other Payables and Provisions	(55,281,588)
Change in Currency Translation of Foreign Operations	47,622,031
Collections of Interest	85,650,678
Income Tax Paid	<u>(1,914,962,104)</u>
Net Cash Provided by Operating Activities	<u>6,314,587,000</u>
CASH USED IN INVESTMENT ACTIVITIES	
Changes in Securities and Bonds, Net	200,343,840
Payment for call option	(52,620,000)
Dividends collected	30,398,328
Collection of repayment of bonds and other financial instruments	511,552,371
Proceeds from Sale of Property, Plant and Equipment	2,453,675
Increase in Property, Plant and Equipment	<u>(5,207,163,070)</u>
CASH USED IN INVESTMENT ACTIVITIES	<u>(4,515,034,856)</u>
CASH PROVIDED BY FINANCING ACTIVITIES	
Payment of Dividends	(800,000,000)
Collection of Financial Instruments	10,108,100
Increase in loans, net of application fees	13,280,359,871
Payment of Interest	(410,465,336)
Reserve set-up	(317,850,707)
Payment in cash of fractions of shares	(430,848)
Repayment of Loan Principal and Issuing Expenses of new loan	<u>(426,568,927)</u>
Cash Provided by Financing Activities	<u>11,335,152,153</u>
Net Increase in Cash Flow	13,134,704,297
Cash as of May 1, 2017	2,002,522,766
Effect of the variation of the exchange rate on cash and cash equivalents	<u>(200,709,309)</u>
Cash at the end of the period (See Note 2.23)	<u>14,936,517,754</u>

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

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CABLEVISIÓN HOLDING S.A.

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CABLEVISIÓN HOLDING S.A.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIVE-MONTH PERIOD BEGINNING MAY 1, 2017
AND ENDED SEPTEMBER 30, 2017
(In Argentine Pesos)

NOTE 1 – GENERAL INFORMATION

Cablevisión Holding S.A. is a holding company that operates in the telecommunications industry. Its operating income and cash flows derive from the operations of its subsidiaries in which it participates directly or indirectly.

The Company has been incorporated as a spun-off company from Grupo Clarín S.A.. At the Extraordinary Shareholders' Meeting held on September 28, 2016, the shareholders of Grupo Clarín approved a corporate reorganization that consisted in (i) the merger of Southtel S.A., Vistone S.A., Compañía Latinoamericana de Cable S.A. and CV B Holding S.A. into Grupo Clarín and (ii) the subsequent partial spin-off of Grupo Clarín to create Cablevisión Holding S.A.

The corporate reorganization was registered with the IGJ on April 27, 2017. In view of the above and taking into consideration that, under the terms of the spin-off, the effective date of the Spin-off (the "Effective Date of the Spin-off") would be the first day of the month following the date on which the latest of the following registrations has been completed: (i) the registration of the Corporate Reorganization with the IGJ, or (ii) the registration of the incorporation of Cablevisión Holding S.A. with the IGJ, the Effective Date of the Spin-off is May 1, 2017. As from that date, Cablevisión Holding S.A. began its operations, the accounting and tax effects of the Spin-off became effective, and Grupo Clarín transferred to Cablevisión Holding S.A. the operations, risks and benefits.

As a result of the spin-off, Grupo Clarín transferred to the Company mainly the direct and indirect equity interests it held in Cablevisión S.A. and in GCSA Equity, LLC. In this way, the Company became the direct and indirect holder of approximately 60% of the capital stock and votes of Cablevisión and of 100% of the capital stock of GCSA Equity.

Its operations include the provision of cable television and Internet access and telephony services, with operations in Argentina and in some neighboring countries, through its subsidiary Cablevisión. That company is the largest cable television operator in Latin America in terms of subscribers. This company also provides high-speed Internet access under the trademark Fibertel and telephony services through Nextel.

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

2.1. Basis for the preparation

Through General Resolutions No. 562/09 and No. 576/10, the Argentine Securities Commission ("CNV", for its Spanish acronym) provided for the application of Technical Resolutions ("TR") No. 26 and No. 29 issued by the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE", for its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") for entities subject to the public offering regime governed by Law No. 26,831, whether on account of their equity or their notes, or which have requested authorization to be subject to such regime. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

These interim condensed consolidated financial statements of the Company for the five-month period beginning May 1, 2017 and ended September 30, 2017 have been prepared in accordance with "IAS 34 "Interim Financial Reporting". Some additional matters were included as required by the Argentine General Associations Law and/or CNV regulations, including the supplementary information provided by the last paragraph of Section 1, Chapter

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(Partner)

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III, Title IV of General Resolution No. 622/13. That information is included in the Notes to these interim condensed consolidated financial statements, as provided under IFRS and CNV rules. The interim condensed consolidated financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its annual financial statements as of December 31, 2017. The accounting policies are based on IFRS issued by the International Accounting Standards Board (“IASB”) and the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), which the Company expects to be applicable as of that date.

As mentioned in Note 1 to the interim condensed consolidated financial statements, Cablevisión Holding S.A. was created as a consequence of the spin-off of Grupo Clarín S.A. Consequently, the Company’s Board of Directors has used as a general rule for the initial valuation of the assets received by the Company the valuation of those assets and liabilities as of the Effective Date of the Spin-off conducted by Grupo Clarín S.A. (“Predecessor Basis of Accounting”), which issues its financial statements under IFRS.

These interim condensed consolidated financial statements have been prepared based on historical cost except for the fair value measurement of certain non-current assets and financial instruments (including derivatives). In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

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

The Company began operating on May 1, 2017. Therefore, these interim condensed consolidated financial statements are not presented on a comparative basis.

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

2.2. Standards and Interpretations issued but not adopted to date

The Company has not adopted the IFRS or revisions of IFRS issued detailed below, since their application is not required for the period ended September 30, 2017:

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

- IFRS 15 “Revenue from ordinary activities under contracts with customers”: issued in May 2014 and applicable to fiscal years beginning on or after January 1, 2018. This standard specifies how and when revenue will be recognized, as well as the additional information to be disclosed by the Company in the financial statements.

The standard provides a single, principles based five-step model to be applied to all contracts with customers.

- IFRS 16 “Leases”: Issued in January 2016. It establishes the principles for the recognition, measurement, presentation and disclosure of leases. Said standard applies to years beginning January 1, 2019.

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

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2.3. Standards and Interpretations issued and adopted to date

As of the date of these interim condensed consolidated financial statements, no new standards have been issued that apply to the Company for this period.

2.4. Basis for Consolidation

These interim condensed consolidated financial statements incorporate the financial statements of Cablevisión Holding and of the subsidiaries and joint ventures controlled by it as “joint operations”. Control is presumed to exist when the Company has a right to variable returns from its interest in a subsidiary and has the ability to affect those returns through its power over the subsidiary. This power is presumed to exist when it is evidenced by the voting rights, be it that the Company has the majority of voting rights or potential voting rights that are currently exercisable or convertible.

For consolidation purposes, the intercompany transactions and the balances between the Company and the consolidated companies have been eliminated. Unrealized income has also been eliminated. Below is a detail of the most relevant consolidated companies, together with the interest percentages held directly or indirectly in each subsidiary’s capital stock and votes as of September 30, 2017:

Subsidiary	Country	Interest in capital stock and votes
		September 30, 2017
Cablevisión	Argentina	60%
NEXTEL	Argentina	60%
GCSA Equity	United States of America	100%

The financial statements of the consolidated companies and other financial information required for the preparation of the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows were prepared with the same closing date as that of the consolidated financial statements. The above-mentioned information has been prepared using exactly the same valuation criteria as those used by the Company, described in the notes to the financial statements or, where appropriate, significant adjustments were made as applicable.

2.4.1. Consolidation of Special Purpose Entities

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

The Company considers those transactions executed with non-controlling companies that do not result in a loss of control as transactions among shareholders. A change in the equity interests held by the Company is considered as an adjustment in the book value of controlling interests and non-controlling interests to reflect the changes in its relative interests. The differences between the amount for which non-controlling interests are adjusted and the fair

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value of the consideration paid or received and attributed to the shareholders of the controlling company will be directly recognized in equity under a specific reserve in the equity attributed to the parent company.

2.5. Business Combinations

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

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

The measurement period is the effective period that begins on the acquisition date and ends on the date on which the Company obtains all the information about the facts and circumstances existing on the acquisition date, which may not extend beyond one year after the acquisition date. All other changes in the fair value of the contingent consideration classified as assets or liabilities, outside the measurement period, are recognized in the statement of income. The changes in the fair value of the contingent consideration classified as equity are not recognized.

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

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

Any excess of the acquisition cost, be it incurred by the surviving company in the case of equity interests received at the time of the creation of the Company or by the Company in subsequent acquisitions (including the interest previously held, if any, and the non-controlling interest) over the Company's share in the net fair value of the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in net income.

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

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

2.6. Investments in Associates

An associate is an entity over which the Company has significant influence without exerting control.

The associates' net income and the assets and liabilities are disclosed in the financial statements using the equity method. Under the equity method, the investment in an associate is to be initially recorded at cost and the book value will be increased or decreased to recognize the investor's share in net income for the year or in other comprehensive income obtained by the associate, after the acquisition date. The distributions received from the associate will reduce the book value of the investment. The Company's investments in associates includes the goodwill identified at the time of the acquisition, net of any impairment losses.

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

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

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

Investments in companies in which the company does not have control or significant influence have been valued at cost, which does not differ significantly from its fair value.

The Company will record those transactions executed with non-controlling companies that do not result in a loss of control as equity transactions, i.e. as transactions with shareholders in their capacity as such. The difference between the fair value of the consideration paid and the relevant share acquired of the book value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any interest retained in the entity is re-measured to its fair value at the date when control is lost, and the change in the book value is recognized in the statement of income. The fair value is the initial amount for the purposes of its subsequent accounting of the interest retained as associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. Consequently, the amounts previously recognized in Other Comprehensive Income may be reclassified to net income.

2.7. Interests in Joint Operations

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

In the cases of joint business arrangements executed through *Uniones Transitorias de Empresas* ("UTE"), considered joint operations under IFRS 11, the Company recognizes in its financial statements on a line-by-line basis the assets, liabilities and net income subject to joint control in proportion to its share in such arrangements. Cablevisión indirectly holds a 50% share in the UTE Ertach – Prima.

2.8. Goodwill

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

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

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

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

2.9. Revenue Recognition

Sales of subscription for cable television, Internet, IDEN telephony or other services subscriptions are recognized as revenues for the period in which the services are rendered.

Revenues from the installation of these services are accrued over the average term during which clients maintain their subscription to the service. Advertising sales revenues are recognized in the period in which advertising is published or broadcast.

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

Revenues from the sale of assets are recognized only when the risks and benefits arising from the use of the disposed assets have been transferred, the amount of revenues may be fairly estimated, and it is probable that the Company will obtain economic benefits.

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

2.10. Leases

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

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

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

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

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

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2.11. Foreign Currency and Functional Currency

The parent company only financial statements of each of the entities consolidated by the Company are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the interim condensed consolidated financial statements, the net income and the financial position of each entity are stated in Argentine Pesos (Argentina's legal tender for all companies domiciled in Argentina), which is the Company's functional currency, and the reporting currency of the interim condensed consolidated financial statements. The functional currencies of the Uruguayan and Paraguayan companies are the Uruguayan Peso and the Guarani, respectively.

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

In preparing the Company's interim condensed consolidated financial statements, the assets and liabilities balances of the entities which functional currency is not the Argentine Peso, stated in their own functional currency (Uruguayan Peso and Guarani) are translated to Argentine pesos at the exchange rate prevailing at the end of the period, while the net income is translated at the exchange rate prevailing on the transaction date.

Translation differences are recognized in other comprehensive income as "Variation in Translation Differences of Foreign Operations" and in the consolidated Statement of Changes in Equity as "Translation of Foreign Operations".

2.12. Current and Deferred Income Tax

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

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

Current tax payable is based on the taxable income recorded during the year. Taxable income and net income reported in the consolidated statement of comprehensive income differ due to revenue or expense items that are taxable or deductible in other fiscal years and items that are never taxable or deductible. The Company's current tax liability is calculated using the tax rate in effect as of the date of these financial statements. Current tax charge is calculated based on the tax rules effective in the countries in which the consolidated entities operate.

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

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

Deferred tax is recognized on temporary differences arising from investments in subsidiaries and associates, except in the case of deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

2.12.1. Tax on assets

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

The tax on assets balance has been capitalized in the interim condensed consolidated financial statements for the amounts paid and to be paid for this tax estimated to be recoverable within the statute of limitations, based on the subsidiaries' current business plans.

2.13. Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Works in process are recorded at cost less any recognized impairment loss. Depreciation of these assets, as well as in the case of other property, begins when the assets are ready for their use.

Repair and maintenance expenses are expensed as incurred.

Borrowing costs attributable to the acquisition or construction of certain capital assets are capitalized as part of the cost of these assets until they are ready for their intended use or sale, under IAS 23 ("Borrowing Costs"). The

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assets in respect of which borrowing costs are capitalized are those that necessarily take a substantial period of time to get ready for their intended use.

The gain or loss arising from the retirement or disposal of an asset is calculated as the difference between income from the sale of the asset and the asset's book value, and recognized under "Other Income and Expenses, Net" in the Statement of Comprehensive Income.

The residual value of an asset is written down to its recoverable value, if the asset's residual value exceeds its estimated recoverable value (see Note 2.15).

The value of property, plant and equipment does not exceed its recoverable value estimated at the end of the period.

2.14. Intangible Assets

Intangible assets include trademarks, software and other rights, the purchase value of the subscriber portfolio, radio electric trunking ("SRCE", for its Spanish acronym) service license, public network links, radio-electric spectrum and other intangible assets. The accounting policies regarding the recognition and measurement of such intangible assets are described below.

2.14.1. Intangible Assets Acquired Separately

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

2.14.2. Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination (subscriber portfolio, SRCE license, public network links and radio-electric spectrum) are identified and recognized separately regarding goodwill when they meet the definition of intangible assets and their fair value can be measured reliably. Such intangible assets are recognized at fair value at acquisition date.

After the initial recognition, intangible assets acquired in a business combination are valued at cost net of accumulated amortization and impairment losses, with the same basis as intangible assets acquired separately. Amortization is calculated on a straight line basis to allocate the cost over the estimated useful life.

2.14.3. Information Systems Projects

Costs related to the development or maintenance of computer software are generally recorded as expenses as incurred. However, the costs directly related to the development, acquisition and implementation of the information systems are recorded as intangible assets when certain conditions are met, among them, the technical feasibility to complete the development of the intangible asset, the intent of the Company to complete the development of that asset and the way in which the intangible asset will generate probable economic benefits in the future.

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

Those assets are included under the columns projects in-progress and software.

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2.15. Impairment of Non-Financial Assets, Except Goodwill

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

The recoverable value of an asset is the higher of the fair value less selling expenses or its value in use.

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

Assets with an indefinite useful life (for example, non-financial assets unavailable for use) are not amortized, but are tested for impairment on an annual basis. No impairment losses have been recorded for the period.

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

2.16. Inventories

Inventories have been valued at acquisition cost under regular purchase conditions for the Company, net of the allowance for impairment. That allowance is calculated based on the recoverability analysis conducted by the Company at the end of the period, comparing to such end its valuation at cost with its net realizable value, which represents the cash selling price estimated in the ordinary course of business less the costs necessary to make such sale. The cost of inventories is determined under the weighted average price method. The value of inventories does not exceed its recoverable value at the end of the period.

2.17. Other Assets

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

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

2.18. Provisions and Other Charges

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

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

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If some or all of the expenditure required to settle a provision is expected to be reimbursed, a receivable should be recognized under Assets, when it is virtually certain that the reimbursement will be received and the amount of the receivable is reliably measurable.

In estimating its obligations, the Company takes into consideration the opinion of its legal advisors.

2.19. Financial Instruments

2.19.1. Financial Assets

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

2.19.1.1. Classification of Financial Assets

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

2.19.1.2. Recognition and Measurement of Financial Assets

2.19.1.2.1. Financial Assets at Fair Value with Changes in Net Income

Financial assets at fair value with changes in net income (mainly mutual funds) are recorded at fair value, recognizing any gain or loss arising from the measurement in the consolidated statement of comprehensive income. The net gain or loss recognized in net income includes any gain or loss generated by the financial asset and is included under the item financial income or costs, as appropriate, in the consolidated statement of comprehensive income. Derivatives are included in this category unless they are designated as a hedging instrument.

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

The fair value of the financial instruments traded in active markets is calculated based on the current quoted market price of these instruments.

The fair value of financial instruments that are not traded in active markets is calculated using valuation techniques.

2.19.1.2.2. Loans and Receivables

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

Receivables are classified as current, except for those with maturities beyond 12 months as from the closing date.

In the case of balances in foreign currency, they were translated at the exchange rate effective as of the date on which the Company began operating for the settlement of these transactions. The exchange differences were

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

2.19.1.3. Impairment of Financial Assets

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

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

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

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

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

2.19.1.4. Derecognition of Financial Assets

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

2.19.2. Financial Liabilities

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

2.19.2.1. Bank and Financial Debt

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

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2.19.2.2. Trade Payables and Other

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

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

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

2.19.2.3. Derecognition of Financial Liabilities

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

2.19.3. Derivatives and Hedge Accounting

The Company executes certain financial instruments to manage its exposure to exchange risks.

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

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

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

Fair Value Hedge

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

2.19.4. Debt Refinancing - Restructuring

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

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2.20. Other Liabilities

They have been valued at nominal value.

2.21. Other Receivables

2.21.1. Call Option

The call option included under the item Other Receivables has been valued at its fair value.

2.22. Dividend Distribution

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

2.23. Consolidated Statement of Cash Flows

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

Bank overdraft is classified under "Bank and Financial Debt" in the Consolidated Balance Sheet.

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

	September 30, 2017
Cash and Banks	1,758,203,926
Investments:	
Term Deposits	22,259,726
Mutual Funds ⁽¹⁾	705,049,352
Other Financial Instruments - interest-bearing account	12,451,004,750
Cash and Cash Equivalents	<u>14,936,517,754</u>

(1) Mutual Funds not considered as cash equivalents as of September 30, 2017 amount to Ps. 43,191,583.

In the five-month period ended September 30, 2017, the following transactions were carried out, which did not have an impact on cash and cash equivalents:

	Five-month period ended September 30, 2017
Settlement of dividends payable with debts with Companies under Section 33 of General Associations Law No. 19,550, as amended	8,400,000
	<u>8,400,000</u>

NOTE 3 - ACCOUNTING ESTIMATES AND JUDGMENTS

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

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Actual results may differ from these estimates.

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

These estimates basically refer to:

Measurement of the fair value of certain financial instruments

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

If there is not a quoted market price available for a financial instrument, its fair value is estimated based on the price established in recent transactions involving the same or similar instruments and, if not, based on valuation techniques regularly used in financial markets. The Company uses its judgment to select a variety of methods and makes assumptions based on market conditions at closing.

The method used to measure the fair value of certain financial instruments is described in further detail in Note 2.19.

Allowance for Bad Debts

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

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

Certain assets, including property, plant and equipment and intangible assets are subject to impairment testing. The Company records impairment losses when it estimates that there is objective evidence of such losses or when the cost of such losses will not be recovered through future cash flows. The evaluation of what constitutes impairment is a matter of significant judgment. The impairment of non-financial assets is dealt with in more depth in Note 2.15.

Recognition and Measurement of Deferred Tax Items

As disclosed in Note 2.12, deferred tax assets are only recognized for temporary differences to the extent that it is probable that each entity, on an individual basis, will have enough future taxable income against which the deferred tax assets can be used. Tax loss carryforwards from prior years are only recognized when it is probable that each entity will have enough future taxable income against which they can be used.

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

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

Impairment of Goodwill

The Company assesses goodwill for impairment on an annual basis. In determining if there is impairment of goodwill, the Company calculates the value in use of the cash generating units to which it has been allocated. The

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calculation of the value in use requires the determination by the entity of the future cash flows that should arise from the cash generating units and an appropriate discount rate to calculate the present value.

Provisions for Lawsuits and Contingencies

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

In estimating its obligations, the Company takes into consideration the opinion of its legal advisors.

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

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

Measurement of the fair value of assets acquired in business combinations

See the accounting policies described in Note 2.5.

NOTE 4 – ACQUISITION OF COMPANIES AND CORPORATE REORGANIZATION PROCESSES

- a) On March 31, 2017, Cablevisión's Board of Directors approved the Pre-Merger Commitment executed among Cablevisión, Nextel, Greenmax Telecommunications S.A.U., WX Telecommunications S.A.U., Gridley Investments S.A., Trixco S.A., Fibercomm S.A., Netizen S.A., Eritown Corporation Argentina S.A., Skyonline de Argentina S.A., Infotel Argentina S.A., Nextwave Argentina S.A. and Callbi S.A., whereby, as of the merger date, Cablevisión, in its capacity as absorbing company, will continue with the operations of Nextel, Greenmax Telecommunications S.A.U., WX Telecommunications S.A.U., Gridley Investments S.A., Trixco S.A., Fibercomm S.A., Netizen S.A., Eritown Corporation Argentina S.A., Skyonline de Argentina S.A., Infotel Argentina S.A., Nextwave Argentina S.A. and Callbi S.A. (the "Absorbed Companies") thus generating the corresponding operating, accounting and tax effects. As a result of the above-mentioned corporate reorganization process, the Absorbed Companies will be dissolved without liquidation and Cablevisión will assume all the activities, receivables, property and all the rights and obligations of the above-mentioned companies, existing as of the first day of October 2017 ("Effective Date of the Merger"), or any that may exist or arise due to previous or subsequent acts or activities. That merger was approved by the shareholders of Cablevisión at the Extraordinary Shareholders' Meeting held on May 17, 2017. On July 11, 2017, the merger agreement was formalized through a deed, which is pending administrative approval from the CNV as of the date of these financial statements.

On September 18, 2017, the ENACOM authorized, under Resolution No. 2017-1734 APN ENACOM# MM, the transfer of the registrations, numbering and sign-posting resources, authorizations and frequency use permits granted to Nextel, Trixco S.A., Callbi S.A., Infotel Argentina S.A., Skyonline de Argentina S.A., Netizen S.A. and Eritown Corporation Argentina S.A. in favor of Cablevisión.

- b) On August 16, 2016, the Board of Directors of Cablevisión approved the Pre-Merger Commitment executed between Cablevisión, Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Primera Red Interactiva de Medios Argentinos (PRIMA) S.A. ("Prima"), Cable Video Sur S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A., whereby, on the effective date of the merger -October 1, 2016- ("Effective Date of the Merger"), Cablevisión, as absorbing company, continued with the operations of Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Prima, Cable Video Sur S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A. (the "Absorbed Companies"), thus generating the corresponding operating, accounting and tax effects.

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As a result of the above-mentioned corporate reorganization process, the Absorbed Companies were dissolved without liquidation. That merger was approved by the shareholders of Cablevisión at the Extraordinary Shareholders' Meeting held on September 27, 2016, and on April 20, 2017 it was registered with the Public Registry of Commerce.

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

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

On August 25, 2017, the ENACOM authorized, under Resolution No. 2017-339 APN ENACOM# MM, the transfer of the registration of national and international long-distance telephony services, as well as the numbering and sign-posting resources, radioelectric frequencies and authorizations granted to Prima in favor of Cablevisión.

- c) On December 22, 2016, Adesol S.A., a subsidiary of Cablevisión, entered into a call option agreement (the "Call Option Agreement") with the majority shareholder of the special purpose entities (see Note 2.4.1), whereby, Adesol has the right to exercise, until December 31, 2021, the irrevocable call option on the shares of those companies (the "Call Option"). If it exercises the Call Option, the purchase price has been preliminarily established in the amount of Ps. 127,600,002, subject to adjustment in case certain circumstances provided under the Call Option Agreement occur.

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

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

- d) On June 30, 2017, the Boards of Directors of Telecom Argentina S.A. and Cablevisión S.A. approved a pre-merger commitment whereby Telecom Argentina S.A., a company incorporated and existing under the laws of Argentina, the shares of which are currently listed in the stock markets of New York and Buenos Aires (NYSE: TEO, BCBA: TECO2), in its capacity as absorbing company, will absorb Cablevisión, which will be dissolved without liquidation, pursuant to the provisions of Sections 82 and 83 of the General Associations Law No. 19,550 and subject to corporate and regulatory approvals (the "Merger").

The purpose of the Merger is for the merged company to offer in an efficient manner, in line with the national and international trend, technological convergence products for media and telecommunications in the different modalities, either separately or independently, of voice, data, sound and video transmission services, both wired and wireless, as an all-in-one solution or as a series of products to be provided to users

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as a whole for the benefit of the users and consumers of those multiple individual services. Both companies believe that their respective operating and technical structures are highly complementary and may be optimized through a structural consolidation, achieving synergies and efficiencies in the development of convergence products along with the demand of the market.

The effective date of the Merger (the “Effective Date of the Merger”) was established as from 0.00 hours of the day on which the Chairmen of the Boards of Directors of Telecom Argentina S.A. and Cablevisión sign the minutes regarding the transfer of operations which shall state: (i) that Telecom Argentina S.A. has adjusted its technical-operative systems to undertake the operations and activities of Cablevisión; and (ii) that the transfer of the operations and activities of Cablevisión to Telecom Argentina S.A. will take effect on that Effective Date of the Merger provided that every and each of the following conditions the Merger is subject to has been met: 1) that the pre-merger commitment has been executed; and 2) that the ENACOM has authorized the operation.

As from the Effective Date of the Merger, (i) all the assets and liabilities, including the assets subject to registration, the licenses, the rights and obligations that belong to Cablevisión will be deemed to have been incorporated to the equity of Telecom Argentina S.A., (ii) Telecom Argentina S.A. will continue with the operations of Cablevisión, thus generating the corresponding operating, accounting and tax effects, (iii) the management and representation of Cablevisión will be undertaken by the management and representatives of Telecom Argentina S.A.

For the purposes of Section 83 subsection c) of the Argentine General Associations Law No. 19,550, the parties have established the following exchange ratio: 1 common share of Cablevisión (either a Class A Share of Cablevisión or a Class B Share of Cablevisión) for each 9,871.07005 new shares of Telecom Argentina S.A. (the “Exchange Ratio”). This Exchange Ratio was deemed reasonable, from a financial standpoint, by the independent professional appraiser Lion Tree Advisors LLC.

In view of the above, Telecom Argentina S.A. will increase its capital stock in the amount of Ps. 1,184,528,406, through the issuance of 1,184,528,406 common book-entry shares, with nominal value of ARS 1 each and entitled to one vote per share. The shareholders of Cablevisión will receive these new shares in exchange for the shares they held of that company, in the form of Class “A” or “D” Shares of Telecom Argentina S.A., as appropriate, according to the Exchange Ratio, or the number of new shares resulting from the adjustments to the Exchange Ratio arising from the pre-merger commitment.

On June 30, 2017, the Boards of Directors of Telecom Argentina S.A. and Cablevisión, respectively, decided to call an Ordinary and/or Extraordinary Shareholders’ Meeting to be held on August 31, 2017 to consider the pre-merger commitment and, with regard to Cablevisión, its consequent dissolution and with regard to Telecom Argentina S.A., the amendment of the Bylaws and the increase of its capital stock.

On October 31, 2017, both companies executed the final merger agreement, which was filed with the CNV to request its administrative approval.

In connection with the above-mentioned transaction, on July 7, 2017, the Company, VLG Argentina LLC, Fintech Media LLC, Fintech Advisory Inc., GC Dominio S.A. and Fintech Telecom LLC executed a shareholder agreement that will govern the exercise of the rights of the shareholders of Telecom Argentina S.A. (the “Agreement”) once the merger process between Telecom Argentina S.A. and Cablevisión S.A. has concluded and become effective. Under that Agreement, the parties have provided:

- The representation of the corporate bodies establishing that, subject to the fulfillment of certain conditions established therein and provided Cablevisión Holding S.A. complies with certain minimum holding requirements in the Merger Company, it may appoint the majority of the members of the Board of Directors, the Executive Committee, the Audit Committee and the Supervisory Committee.

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- A scheme of special majority requirements for the approval by the Board of Directors and/or the Shareholders' Meeting, as appropriate, of certain issues, such as: i) the Business Plan and the Annual Budget of the Merged Company, ii) the amendment of the bylaws, iii) the change of external auditors, iv) the creation of committees of the Board of Directors, v) the hiring of Key Employees as defined under the Agreement, vi) the merger or consolidation of Telecom or any Controlled Company, vii) acquisition of certain assets, viii) sales of certain assets, ix) increases of capital stock, x) borrowing above certain limits, xi) capital investments in infrastructure, plant and equipment above certain amounts, xii) transactions with related parties, xiii) contracts that impose restrictions on the distribution of dividends, xiv) new business lines or the discontinuation of existing ones, xv) actions to be taken in insolvency situations, among others.

Pursuant to the Agreement, (a) Fintech Telecom LLC and Cablevisión Holding (i) will each contribute certain shares of Telecom to a voting trust (the "Voting Trust") which, once the shares in Telecom held by Cablevisión Holding are incorporated, will exceed fifty percent (50%) of the outstanding post-Merger shares, and (ii) will each appoint a co-trustee who will vote the shares under the terms of the voting trust to be executed by certain parties of the Agreement. The post-Merger shares under the Voting Trust shall be voted as per the instructions of the co-trustee appointed by Cablevisión Holding, except in the case of certain issues subject to veto, in which case the co-trustee of Fintech Telecom LLC will determine the vote with respect to the post-Merger shares under the Voting Trust. (b) Subject to the fulfillment by Cablevisión Holding and Fintech Telecom LLC of certain post-Merger share ownership thresholds, Cablevisión Holding will be entitled to appoint the general manager and other key employees of Telecom Argentina S.A. and Fintech Telecom LLC will be entitled to appoint the chief financial officer and the internal auditor.

On July 7, 2017, Cablevisión Holding S.A. accepted an offer for a call option granted by Fintech Advisory Inc. and its subsidiaries Fintech Telecom LLC and Fintech Media LLC for the acquisition of an equity interest of 13.51% in Telecom (which will represent approximately 6% of Telecom's capital stock once the merger process becomes effective) for USD 634,275,282 (the "Option"). The maximum term to exercise the Option is one year as from July 7 of this year. Cablevisión Holding had to pay to Fintech Advisory Inc., within a term of thirty days as from July 7, 2017, an option premium of USD 3,000,000, which was settled on July 2017.

On October 5, 2017, the Company made a prepayment of the aggregate Exercise Price under the Irrevocable Call Option mentioned above for USD 634,275,282.

NOTE 5 – SEGMENT INFORMATION

The Company is mainly engaged in the cable television, Internet access and IDEN Telephony business which requires the development of several activities distributed among the companies in which it holds equity interests. Based on the nature, clients, and risks involved, the following business segments have been identified, which are directly related to the way in which the Company assesses its business performance:

- a. Cable television and Internet access, mainly comprised by its own operations through its equity interests in its subsidiaries.
- b. IDEN telephony services through its interest in Nextel.

The Company's Board of Directors, the main operating decisions maker, uses adjusted EBITDA to measure the performance of the operating segments. Adjusted EBITDA is defined as revenues less cost of sales and selling and administrative expenses (excluding depreciation and amortization). The Company believes that adjusted EBITDA is a significant performance measure of its businesses, since it is commonly used in the industry to analyze and compare media companies based on operating performance, indebtedness and liquidity. However, adjusted EBITDA does not measure net income or cash flows generated by operations and should not be considered as an

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alternative to net income, an indication of the Company's financial performance, an alternative to cash flows generated by operating activities or a measure of liquidity.

Since adjusted EBITDA is not defined by IFRS, it is possible that other companies may calculate it differently. Therefore, the EBITDA reported by other companies may not be comparable to the Company's adjusted EBITDA.

Note 1 to these interim condensed consolidated financial statements includes additional information about the Company's businesses.

The following tables include the information for the five-month period beginning May 1, 2017 and ended September 30, 2017, prepared under IFRS, for the business segments identified by the Company.

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	<u>Cable Television and Internet Access (1)</u>	<u>IDEN Telephony</u>	<u>Other</u>	<u>Deletions / Adjustments (2)</u>	<u>Consolidated</u>
Information arising from the Consolidated Statement of Comprehensive Income for the five-month period ended September 30, 2017					
Sales of services and goods to third parties	16,018,371,750	1,191,517,524	-	15,394,261	17,225,283,535
Intersegment Sales	<u>1,055,922</u>	<u>15,869,431</u>	<u>38,000,000</u>	<u>(54,925,353)</u>	-
Total Sales	16,019,427,672	1,207,386,955	38,000,000	(39,531,092)	17,225,283,535
Cost of sales (excluding depreciation and amortization)	(5,840,565,559)	(638,853,846)	-	(10,340,241)	(6,489,759,646)
Expenses - excluding depreciation and amortization:					-
Selling Expenses	(2,118,379,481)	(458,118,323)	-	-	(2,576,497,804)
Administrative Expenses	(1,683,935,521)	(118,902,047)	(56,201,197)	-	(1,859,038,765)
Intersegment Costs and Expenses	(53,869,431)	(1,055,922)	-	54,925,353	-
Adjusted EBITDA	<u>6,322,677,680</u>	<u>(9,543,183)</u>	<u>(18,201,197)</u>	<u>5,054,020</u>	<u>6,299,987,320</u>
Depreciation of Property, Plant and Equipment					(1,586,738,740)
Amortization of Intangible Assets					(10,340,183)
Other Income and Expenses, net					406,776
Financial Results					(1,612,178,515)
Equity in Earnings from Associates					63,464,217
Income Tax and Tax on Assets					(1,113,555,970)
Net income for the period					<u><u>2,041,044,905</u></u>
Total Assets	29,035,848,331	4,517,459,861	12,950,254,437	(1,338,067,147)	45,165,495,482
Additional Consolidated Information as of September 30, 2017					
Acquisition of Property, Plant and Equipment	5,207,163,070	-	-	-	5,207,163,070
Ordinary Income from Foreign Subsidiaries	448,948,864	-	-	-	448,948,864
Non-Current Assets excluding deferred tax and financial assets in foreign subsidiaries	879,572,821	-	-	-	879,572,821

(1) It arises from internal information reviewed by the Board of Directors.

(2) The deletions and adjustments correspond to operations between the Company and its subsidiaries and to different valuation criteria applied related to the recognition of revenues from cable TV and Internet installation services and transactions including separate items.

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

	Five-month period ended September 30, 2017
Cable Television Services	10,297,117,705
IDEN Telephony Services	1,027,624,868
Internet	5,495,629,170
Advertising	59,770,923
Sale of Goods	65,055,570
Sales of Services under bid in the City of Buenos Aires	140,262,272
Other	139,823,027
Total	17,225,283,535

6.2. - Cost of Sales

	Five-month period ended September 30, 2017
Inventories as of May 1, 2017	203,251,482
Purchases for the period, net	129,510,723
Cost of services provided (Note 6.3)	7,755,403,195
Inventories at period-end	(150,738,900)
Total Cost of Sales	7,937,426,500

6.3 – Cost of services provided, selling and administrative expenses

	Cost of services provided	Selling Expenses	Administrative Expenses	Total for the Five-month period ended September 30, 2017
Salaries, Social Security and Benefits to Personnel ⁽¹⁾	1,931,770,773	522,491,525	499,324,778	2,953,587,076
Programming Costs	2,253,717,647	-	-	2,253,717,647
Severance Payments	33,038,766	31,536,798	18,385,119	82,960,683
Public Utilities, Charges and Taxes	385,964,941	863,689,223	9,511,149	1,259,165,313
Representation Expenses	1,013,860	41,128,727	1,900,243	44,042,830
Maintenance of Property, Plant and Equipment and Network Expenses	822,829,114	88,707,127	269,314,890	1,180,851,131
Leases	236,184,057	25,272,186	27,319,791	288,776,034
Depreciation of Property, Plant and Equipment	1,437,326,671	62,134,280	87,277,789	1,586,738,740
Fees for services	16,037,044	187,109,626	581,007,849	784,154,519
Advertising and Promotion	-	437,004,363	406,160	437,410,523
Office Expenses	1,117,364	2,098,857	19,397,758	22,613,979
Magazine Production	102,060,388	834,921	7,219,783	110,115,092
Data Transmission Costs	323,997,833	-	964,559	324,962,392
Bad Debts	-	211,312,350	-	211,312,350
Collection Expenses and Fees	3,661,892	28,187,406	410,671,980	442,521,278
Obsolescence of Materials	46,077,095	-	-	46,077,095
Lawsuits and Contingencies	33,606,593	95,495,264	(18,745,342)	110,356,515
Amortization of Intangible Assets	10,340,183	-	-	10,340,183
Other	116,658,974	41,629,431	32,360,048	190,648,453
Total	7,755,403,195	2,638,632,084	1,946,316,554	12,340,351,833

(1) In accordance with the decision rendered by Chamber II of the Court of Appeals on Federal Administrative Matters, as from September 2015, Cablevisión began calculating employer's contributions as a VAT tax credit. The amount calculated for the five-month period ended September 30, 2017 was approximately Ps. 400 million.

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6.4 - Financial Costs

	Five-month period ended September 30, 2017
Interest	(284,911,876)
Exchange Differences	(908,196,582)
Financial Discounts on Debt	9,475,149
Other Financial Results Related to the Financial Debt	31,682,734
Total	<u>(1,151,950,575)</u>

6.5 – Other Financial Results, net

	Five-month period ended September 30, 2017
Interest	(8,110,295)
Other Taxes and Expenses	(233,731,741)
Exchange Differences	(257,484,475)
Financial Discounts on Assets, debt and Other	19,605,058
Results from transactions with securities and bonds	(6,034,287)
Income from Changes in the Fair Value of Financial Instruments	25,527,800
Total	<u>(460,227,940)</u>

NOTE 7 - BREAKDOWN OF THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET**7.1 - Property, Plant and Equipment**

The following is a detail of the residual values of this item as of September 30, 2017.

	September 30, 2017
Buildings and Land	401,349,381
Improvements in Leased Buildings	3,857,451
Facilities, Machinery and Equipment	974,714,117
Furniture and Fixtures	20,415,191
Vehicles	193,301,554
Tools	58,001,205
Cables, Cable Laying and Assets under Loan for Use	9,271,628,491
Works-In-Progress	4,319,821,098
Telecommunications	5,161,979,684
Materials	136,064,700
	<u>20,541,132,872</u>
Allowance for Obsolescence of Materials	(46,457,302)
Total	<u>20,494,675,570</u>

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The following table details the changes in the item between May 1, 2017 and September 30, 2017:

	<u>2017</u>
Balance as of May 1	17,135,165,199
Additions	5,253,275,794
Decreases (acquisition cost)	(2,135,568,001)
Depreciation	(1,586,738,740)
Accumulated Depreciation of Decreases	1,791,102,730
Variation in Translation Differences of Foreign Operations	37,761,808
Changes in Allowance for Obsolescence of Materials	(323,220)
Balance as of September 30	<u><u>20,494,675,570</u></u>

Out of the additions for the five-month period ended September 30, 2017, 87% corresponds to the item Cables, Cable Laying and Assets under Loan for Use and to the item Materials.

The following table details the average useful lives (in years):

	<u>Average Useful Life (in years)</u>
Buildings and Land	50
Improvements in Leased Buildings	3
Facilities, Machinery and Equipment	10
Furniture and Fixtures	10
Vehicles	5
Tools	5
Cables, Cable Laying and Assets under Loan for Use	15-3

7.2 - Intangible Assets

The following is a detail of the residual values of this item as of September 30, 2017:

	<u>September 30, 2017</u>
Software	15,327,097
Radio Electric Trunking Service License	478,240,215
Radio-Electric Spectrum	1,860,549,580
Other	158,150
Total	<u><u>2,354,275,042</u></u>

The following table details the changes in the item between May 1, 2017 and September 30, 2017:

	<u>2017</u>
Balance as of May 1	2,364,605,046
Amortization	(10,340,183)
Variation in Translation Differences of Foreign Operations	10,179
Balances as of September 30	<u><u>2,354,275,042</u></u>

The following table details the average useful lives (in years):

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	<u>Average Useful Life (in years)</u>
Software	5
Radio Electric Trunking Service License	3 - 15
Public Network Links	3
Radio-Electric Spectrum	15 ⁽¹⁾

⁽¹⁾ As from the beginning of the provision of the Advanced Mobile Communication Services or upon expiration of the 18-month term provided under Section 10.1, subsection a), Annex I, Decree No. 764/2000 for the beginning of the provision of the Advanced Mobile Communication Services, whatever occurs first (See Note 8.4.3.3.)

7.3 – Goodwill

	<u>September 30, 2017</u>
<u>Cost</u>	
Telemas S.A.	362,098,283
Cablevisión Businesses	2,349,935,510
NEXTEL Businesses	819,619,221
Total	<u>3,531,653,014</u>

7.4 – Investments

	<u>September 30, 2017</u>
Current	
Mutual Funds	748,240,935
Securities and Bonds	25,237,359
Term Deposits	22,259,726
Other Financial Instruments - interest-bearing accounts	12,451,004,750
Total	<u>13,246,742,770</u>

7.5 - Investments in Associates

<u>Companies</u>	<u>Main business activity</u>	<u>Country</u>	<u>Interest in Capital and Votes</u>	<u>Valuation as of September 30, 2017</u>
Ver T.V. S.A. ⁽¹⁾	Cable Television Station	Argentina	49.00	108,952,449
Teledifusora San Miguel Arcángel S.A. ⁽¹⁾	Cable Television Station	Argentina	49.10	46,210,617
La Capital Cable S.A.	Closed-Circuit Television	Argentina	49.00	35,889,415
Televisora Privada del Oeste S.A.	Closed-Circuit Television	Argentina	47.00	11,385,893
AVC Continente Audiovisual S.A. ⁽¹⁾	Closed-Circuit Television	Argentina	40.00	5,099,411
Other investments valued under the equity method				91,293
Total				<u>207,629,078</u>

⁽¹⁾ The data about these associates arise from non-accounting information.

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7.6 – Other Receivables

	September 30, 2017
Non-Current	
Tax Credits	92,817,100
Prepayments to Suppliers	216,564,512
Prepaid Expenses	32,390,940
Sundry Receivables	1,338,182
Other	4,566,631
Total	347,677,365
	September 30, 2017
Current	
Tax Credits	89,915,857
Prepaid Expenses	499,686,161
Court-Ordered Deposits	15,822,463
Call option (Note 4.d)	52,620,000
Companies under Section 33 of General Associations Law No. 19,550, as amended, and related laws	20,876,962
Prepayments to Suppliers	30,763,660
Dividends Receivable	114,450,142
Sundry Receivables	28,315,658
Advances to Employees	7,316,189
Deposits in Guarantee	57,419,818
Other	51,929,212
Total	969,116,122

7.7 – Trade Receivables

	September 30, 2017
Current	
Trade Receivables	2,108,838,473
Companies under Section 33 of General Associations Law No. 19,550, as amended, and related laws	41,569,287
Other	1,866,432
Allowance for Doubtful Receivables	(416,910,964)
Total	1,735,363,228

7.8 – Inventories

	September 30, 2017
Current	
Resale Goods	8,226,290
Computer Equipment held by Third Parties	544,040
Radio Equipment and Accessories	99,316,569
Spare Parts	42,652,001
Subtotal	150,738,900
Allowance for Impairment of Inventories	(40,106,006)
Total	110,632,894

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7.9 – Bank and Financial Debt

The following table details the changes in loans and indebtedness between May 1, 2017 and September 30, 2017:

	<u>2017</u>
Balance as of May 1	9,534,458,321
New Loans and Indebtedness ⁽¹⁾	13,293,379,705
Interest	282,410,713
Effect of exchange rate fluctuations	1,096,446,236
Offsetting of financial debt with other receivables	(8,400,000)
Payment of Interest	(310,899,128)
Repayment of Principal and Issue Expenses	(426,568,927)
Financial debt measured at present value	(248,514,194)
Balance as of September 30	<u><u>23,212,312,726</u></u>

(1) Includes the loan taken by Cablevisión Holding (see Note 7.9.2). Includes loans, taken by Cablevisión, to settle financial debts and to purchase capital assets and inventories.

The following is a breakdown of the Company's loans and indebtedness:

	<u>September 30, 2017</u>
Non-Current	
Notes issued by Cablevisión - principal	8,655,000,000
Financial debt measured at present value	(311,027,332)
Acquisition of equipment - principal	625,594,730
Bank Loans – principal	13,115,129,987
Total	<u><u>22,084,697,385</u></u>
Current	
Acquisition of equipment - principal	841,594,628
Accrued interest	176,942,112
Loans with companies under Section 33 of General Associations Law No. 19,550, as amended, and related laws – principal	41,862,000
Financial debt measured at present value	15,289,350
Bank Loans - principal	51,927,251
Total	<u><u>1,127,615,341</u></u>

7.9.1 – Cablevisión

The following are the main terms of the bank loans for the period:

<u>Date Issued</u>	<u>Bank</u>	<u>Currency</u>	<u>Principal Amount</u>	<u>Final Maturity</u>	<u>Interest Rate Fixed</u>
September 2016	Banco Itaú Argentina S.A.	USD	3.5 (2)	September 2017 (1)	5.00%
January 2017	ICBC	USD	5.1 (2)	January 2022	6.00%
February 2017	Banco Itaú BBA International PLC	USD	5.3 (2)	February 2020	5.00%

(1) Repaid at maturity.

(2) Funds used to fulfill the investment plan.

On April 20, 2016, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, the shareholders of Cablevisión approved, among other matters: i) the extension of the authorization of the Global Program [for the Issuance of] Notes, which had been granted at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión on April 28, 2014, increasing the maximum amount of the outstanding notes that may be issued under this Program from a nominal value outstanding at any time of USD 500,000,000 (or its equivalent in other currencies) to USD 1,000,000,000 (or its equivalent in other currencies). The Shareholders'

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Meeting renewed the delegation on the Board of Directors of the broadest powers in connection with the Program. The Board of Directors may subdelegate all or some powers interchangeably to one or more directors or managers of the Company; and ii) the extension of the authorization of the Short-Term Debt Securities (“VCPs”, for its Spanish acronym) program under the terms that had been originally approved. The Shareholders’ Meeting renewed the delegation on the Board of Directors of the broadest powers in connection with the Program. The Board of Directors may subdelegate all or some powers interchangeably to one or more directors or managers of Cablevisión.

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

- (i) The settlement of the outstanding debt as of that date;
- (ii) The investment in fixed assets and other capital expenditures with the balance of the net proceeds (approximately USD 89,100,000).

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

On October 30, 2017, within the framework of the merger between Cablevisión and Telecom Argentina S.A., Cablevisión called for a Shareholders’ Meeting in order to request its holders of Class A Notes, issued for a nominal value of USD 500,000,000, the amendment and/or removal of certain clauses (or part of them) of the Indenture Agreement executed on June 15, 2016 between Cablevisión, Deutsche Bank Trust Company Americas, Deutsche Bank S.A. and Deutsche Bank Luxembourg S.A.

During the period covered by these interim condensed consolidated financial statements, Cablevisión complied with such covenants.

7.9.2 – Cablevisión Holding

On September 24, 2017, Cablevisión Holding submitted to CITIBANK, N.A., GOLDMAN SACHS BANK USA, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, DUBAI (DIFC) BRANCH, ITAÚ UNIBANCO S.A., NASSAU BRANCH (the “Lenders”), CITIBANK, N.A. and the branch of Citibank N.A. established in Argentina (the “Arrangers, Collateral Agents”) and CITIBANK, N.A. (the “Administrative Agent”) a Loan Offer for an aggregate principal amount of Seven Hundred Fifty Million United States Dollars (USD 750,000,000). On September 25, 2017, Cablevisión Holding received communications from each of the Lenders, the Arrangers, the Collateral Agents and the Administrative Agent stating that they had accepted the Loan Offer.

The loan will accrue compensatory interest on the outstanding balances and until its effective cancellation, at a rate equal to LIBOR plus an applicable margin; of: (a) 3.5% per annum during the first six months as from the date of the first disbursement; or (b) 4% per annum during the period that begins on the day immediately following the sixth month after the date of the first disbursement and ends 12 months after such date; or (c) 4.5% per annum during the period that begins on the day immediately following the first anniversary of the first disbursement date and ends on the Maturity Date.

Interest under the loan shall be paid in arrears on the last business day of each interest period: The maturity date shall be the earlier of 18 months counted as from the date of disbursement or the date on which the loan becomes due and payable pursuant to acceleration events provided under the loan offer, whichever occurs first. That loan provides for covenants and negative covenants and representations, guarantees and obligations to be performed by the Company, which are usual for this type of financing.

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Of the loan amount, USD 18.1 million were allocated to a reserve account, under the terms of the agreement, included under the item “Other Assets” as of September 30, 2017. Cablevisión Holding shall maintain in that account, as of any given calculation date, an amount of cash that may not be lower than the aggregate amount of interest payable under the loans during the following six-month period.

The funds from the loan will be used, among other things, for the prepayment of the Exercise Price under the Option Agreement mentioned in Note 4.d) to these Interim Condensed Consolidated Financial Statements.

In addition, for as long as the Loan is outstanding, the Company undertakes to create and maintain guarantees for an amount equivalent to 2.5 times the amount of the Loan. On September 27, 2017, the Company created a first priority pledge on 30,123 Class “A” book-entry common shares of nominal value Ps. 10,000 each and entitled to one vote per share, held by the Company in Cablevisión S.A., in favor of the Collateral Agent, acting for the benefit of Citibank, N.A. Goldman Sachs Bank USA, Industrial and Commercial Bank of China Limited Dubai (DIFC) Branch, Itaú Unibanco S.A., Nassau Branch as Lenders, Citibank, N.A. as Offshore Collateral Agent and the branch of Citibank N.A. established in Argentina as Onshore Collateral Agent, under the Loan agreement.

Among the main financial obligations undertaken under the loan is the obligation to apply (i) the net proceeds from any sale of material assets, (ii) the dividends received from its subsidiaries -after deducting any amount necessary to pay taxes and up to USD 10 million for current expenses-, (iii) the net proceeds from any public offering and (iv) the net proceeds from any debt issue; to the prepayment of the obligations under the loan. The Company undertakes to maintain certain consolidated debt ratios of Cablevisión Holding and Cablevisión and to guarantee a minimum amount to pay dividends from its subsidiary Cablevisión.

During the period covered by these interim condensed consolidated financial statements, Cablevisión complied with such covenants.

7.10 – Provisions and Other Charges

	September 30, 2017
Non-Current	
Accrual for Asset Retirement	233,333,014
Provisions for Lawsuits and Contingencies	801,743,956
Total	1,035,076,970

7.11 - Taxes Payable

	September 30, 2017
Non-Current	
National Taxes	3,562,822
Total	3,562,822
Current	
National Taxes	1,711,437,488
Provincial Taxes	23,689,200
Municipal Taxes	80,621,458
Total	1,815,748,146

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7.12 – Other Liabilities

	September 30, 2017
Non-Current	
Unearned Revenue	121,712,499
Other	658,392
Total	122,370,891
	September 30, 2017
Current	
Dividends Payable	7,522,319
Unearned Revenue	181,729,251
Other	3,383,265
Total	192,634,835

7.13 - Trade Payables and Other

	September 30, 2017
Current	
Suppliers	3,116,914,386
Companies under Section 33 of General Associations Law No. 19,550, as amended, and related laws	267,930,049
Employer's Contributions	1,524,847,232
Total	4,909,691,667

NOTE 8 – REGULATORY FRAMEWORK**8.1. Audiovisual Communication Services Law**

Cablevisión is the holder of licenses for the exploitation of subscription television services that were originally granted under Law No. 22,285. The COMFER was the enforcement authority established by that law. Under Law No. 22,285 subscription television companies in Argentina required a non-exclusive license from the COMFER in order to operate. Other approvals were also required, including, for some services, authorization by municipal agencies.

The Audiovisual Communication Services Law (Law No. 26,522) was passed and enacted on October 10, 2009, with strong criticism about its content and enactment procedure. Even though the new Law became effective on October 19, 2009, not all of the implementing regulations provided by the law were issued. That vacuum resulted in the continued application of Law No. 22,285 with respect to the matters that had not been regulated.

Law No. 26,522 provided for the replacement of the COMFER by the Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA, for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Executive Branch, and vests the new agency with authority to enforce the law.

Through Emergency Decree No. 267/15 (the "Emergency Decree") issued on December 29, 2015, the Executive Branch created the ENACOM as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications. Among other powers, the ENACOM has all the same powers and competences that Law No. 26,522 had vested in AFSCA (See Note 8.3).

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8.2. Telecommunication Services

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

Law No. 27,078 maintained the single country-wide license scheme and the individual registration of the services to be rendered, but replaced the name telecommunication services with Information and Communications Technology Services (“TIC Services”, for their Spanish acronym). Notwithstanding this, the scope of the licenses originally granted to Cablevisión, its merged companies and/or subsidiaries and related companies that exploited telecommunication licenses and their respective registrations of services, remained unaltered.

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

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

Law No. 27,078 created a new enforcement and oversight Authority as a decentralized agency under the jurisdiction of the Executive Branch, the AFTIC.

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

The Argentine Secretariat of Communications has yet to decide on the approval of the Project submitted by Cablevisión on June 21, 2011, within the framework of SECOM Resolution No. 9/2011 which created the program “Infrastructure and Equipment”, whereby telecommunication service providers were allowed to submit projects aimed at developing new infrastructure, updating existing infrastructure and/or acquiring equipment for areas without coverage or with unmet needs, in order to meet the obligation to make contributions to the Universal Service Trust Fund for the amounts accrued as from January 2001 until the entry into force of Decree No. 558/08.

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

The foregoing applied to any provider that had its own infrastructure or networks, because the term “Associated facilities” is defined as physical infrastructures, systems, devices, associated services or other facilities or elements associated with a telecommunications network or with TIC Services that enable or support the provision of services using that network or service, or that have the potential to do so; and will include, inter alia, buildings or building entrances, building wiring, antennas, towers and other supporting constructions, ducts, masts, manholes, and cabinets (See Note 8.3.).

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

8.3. Emergency Decree No. 267/15. Convergence

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

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

Under the new regulatory framework, the licenses for physical link and for radio-electric link subscription television services held by Cablevisión and its subsidiaries that had been granted under Laws Nos. 22,285 and 26,522 are now called "Registrations" for the exploitation of physical link and radio-electric link subscription television services of a Licencia Única Argentina Digital.

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

Insofar as the Company and Cablevisión and its subsidiaries are concerned, Decree No. 267/15 eliminates:

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

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

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

- i) These services no longer fall within the scope of Section 45 of the LSCA, which sets forth the new multiple license regime for Audiovisual Communication Services;

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- ii) The registration of physical link subscription television services is no longer limited to a specific territorial area. The same is not the case with radio-electric link subscription television services because of the portion of the spectrum allocated to render these services;
- iii) Both registrations, for physical link subscription television services and for radio-electric link subscription television services, are no longer subject to expiration terms. However, the portions of the spectrum allocated to render radio-electric link subscription television services do have expiration terms. The duration of such services shall be the longest of the term provided under their original title, or 10 years as from January 1, 2016.

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

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

Cablevisión followed the procedure established under ENACOM Resolution No. 427/16 in order to report, using the online application provided by the ENACOM to such end, the territorial location of its services, indicating the original coverage area, the supplementary territorial units and/or area extensions in which it currently renders services.

Through Resolution No. 1,663/2017, the ENACOM registered under the name of Cablevisión all the area authorizations (formerly, under Law No. 22,285, broadcasting licenses) originally granted to Cablevisión and/or the companies merged into it to render physical and/or radio-electric link subscription television services and the radioelectric frequencies allocated to the latter.

In addition, and pursuant to ENACOM Resolution No. 1.394/16, which approves the General Rules for Physical Link Subscription Television Services and/or Radio-Electric Link Subscription Television Services, in those cases in which Cablevisión and/or any of its Subsidiaries purchased bidding forms to apply for a new license when the term had expired or to apply for an area extension, the applicants amended their filings and converted them into a request an authorization of coverage area. Since then, several area authorizations have been registered under the name of Cablevisión.

The new General Rules also order providers of both types of services to guarantee their compliance with a programming grid in each Coverage Area. Cablevisión states that it complies with all the obligations set out under that Resolution.

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

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

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

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

8.4. Matters related to the regulatory situation of Cablevisión and its subsidiaries

8.4.1. Fibertel License

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

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

8.4.2. Cablevisión's Shareholder Structure

Cablevisión has requested the ENACOM to acknowledge the change in its shareholder structure as a result of the corporate reorganization carried out by Grupo Clarín. In the understanding that the above-mentioned change has not implied a change of control, it does not require that agency's authorization.

8.4.3. NEXTEL

8.4.3.1 Regulatory Approval of the Acquisition of Nextel

On September 24, 2015, the Official Gazette published AFTIC Resolution No. 326/15, whereby that agency ordered Nextel to render without effect within a term of 30 days, the sale of a non-majority portion of its shares because it

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allegedly contravened effective legislation and could be sanctioned with the revocation of its license pursuant to the Communications and Information Technology Law.

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

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

On January 29, 2016, Cablevisión and Nextel made a filing before the ENACOM as established under Section 8 of Decree No. 267/15 which amends Section 13 of Law No. 27,078 in order to request authorization for the change of control in full compliance with the new legal framework.

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

On March 7, 2016, the ENACOM issued Resolution No. 280/2016, whereby it authorized the change of control of NEXTEL in favor of Cablevisión.

On April 12, 2017, the CNDC notified Cablevisión of Resolution No. 293/2017 dated April 10, 2017, whereby the CNDC authorized the economic concentration operation consisting of the acquisition by Cablevisión and Televisión Dirigida of 100% of the shares of Nextel, which were owned by NII Mercosur Telecom SLU and NII Mercosur Móviles S.L.U.

8.4.3.2 Status of the frequencies allocated to Nextel

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

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

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

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

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

8.4.3.3 Other requests for authorization filed with the ENACOM

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

- Fibercomm S.A.
- Trixco S.A.
- Callbi S.A.
- Infotel S.A.

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- Skyonline de Argentina S.A.
- Netizen S.A.
- Eritown Corporation Argentina S.A.

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

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

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

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

By means of Resolution ENACOM No. 1,033/2017, the ENACOM provided for the use of the frequency bands between 905 and 915 MHz and between 950 and 960 MHz for the rendering of the ADVANCED MOBILE COMMUNICATIONS SERVICE (“SCMA”), and by means of Resolution ENACOM No. 1,034/2017, the ENACOM provided for the use of the frequency band between 2500 and 2690 MHz for the provision of SCMA, in addition to the current services when their coexistence is possible.

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

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

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

It also imposes two obligations that must be fulfilled prior to initiating the rendering of Advanced Mobile Communication Services: (i) the return of the proposed radio-electric spectrum; and (ii) the creation of a guaranty

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issued in favor of and satisfactory to ENACOM for an amount equal to the value of the radio-electric spectrum that is subject to return.

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

On April 12, 2017, Nextel and the ENACOM executed the agreement referred to in the previous paragraph. On April 28, 2017, pursuant the Agreement executed with the ENACOM, Nextel transferred to that agency the “economic compensation” of Ps. 478,240,214, established by the ENACOM on April 26, 2017.

In another agreement also executed on April 12, 2017, NEXTEL accepted and expressly consented to the authorization granted to the Chairman of the ENACOM to decide on, within a term of 2 years as from the date of the agreement, the replacement with economic compensation -to be paid by NEXTEL- of certain channels of the 2500-2690 MHz frequency bands for frequencies in other bands, as established under Article 7 of ENACOM Resolution No. 1,034/2017.

Also, on May 5, 2017, Nextel posted the performance bond provided under the agreement in order to guarantee: (i) compliance with the coverage obligations in the localities ordered by ENACOM; and (ii) the return of compromised radio spectrum.

Through Resolution No. 3,909-E/2017 published on May 24, 2017, the ENACOM decided to record the agreements described in the previous paragraph.

On May 22, 2017, Cablevisión made a filing with the ENACOM in order to request the incorporation of the *Licencia Única Argentina Digital* held by Cablevisión to the records, resources, allocations, permits and authorizations held by Nextel, as well as those held by Trixco S.A., Callbi S.A., Infotel S.A., Skyonline de Argentina S.A., Netizen S.A., and Eritown Corporation Argentina S.A. as a result of the corporate reorganization process to be implemented whereby Cablevisión will absorb under a merger by acquisition process the above-mentioned licensees among which is Nextel, which will be dissolved without liquidation. (See Note 4.a)).

8.4.4. Programming Grid

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

In spite of Cablevisión’s efforts to organize its programming grids in accordance with the provisions of section 65 of Law No. 26,522, AFSCA initiated multiple summary proceedings in connection with the cable television licenses of which Cablevisión is the lawful successor. AFSCA contended that Cablevisión had failed to comply with the regulations set forth by AFSCA Resolution No. 296/2010. Cablevisión submitted the responses set forth under section 1, Exhibit II of AFSCA Resolution No. 224/2010 in connection with such accusations. A decision has been rendered on some of the summary proceedings and, as a result, a fine was imposed on Cablevisión, while other proceedings are pending resolution. Cablevisión has appealed these decisions. Some of the appeals filed by Cablevisión have been decided against it and were appealed.

Insofar as Cablevisión is concerned, as of the date of these financial statements, an injunction issued in re “CABLEVISIÓN S.A. v. NATIONAL GOVERNMENT AND OTHERS ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS” by the Federal Court of Appeals of the City of Mar del Plata, whereby that Court revoked the decision rendered in the First Instance, remains in full force and effect. The decision rendered in the First Instance had ordered the dismissal of Cablevisión’s request. The Court of Appeals ordered AFSCA to suspend – until a final decision was rendered on the matter – the application of the penalties derived from

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the alleged non-compliance with section 65 of Law No. 26,522 and Decree No. 1.225/2010. Therefore, it also suspended the application of section 6 of AFSCA Resolution No. 296/2010 on the grounds that Cablevisión's alleged serious non-compliance was not contemplated in the Law or in the Decree. The National Government filed an appeal with the Supreme Court against this decision. Such appeal was dismissed. Consequently, AFSCA filed a direct appeal with the Supreme Court, which is still pending resolution.

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

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

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

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

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

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

Upon the enactment of Decree No. 267/2015, whereby the physical link or radio-electric link subscription television services no longer fall within the scope of Law No. 26,522, the claim that had been brought by AFSCA against Cablevisión has become moot.

8.5. Requests for authorization filed with the ENACOM relating to the merger of Telecom Argentina S.A. and Cablevisión S.A.

As a consequence of the corporate reorganization process described under Note 4.d), on September 6, 2017, Cablevisión and Telecom Argentina S.A. made a filing with the ENACOM requesting the authorization of:

- (i) The transfer and incorporation to the *Licencia Única Argentina Digital* held by Telecom of the registrations, resources, allocations and permits held by Cablevisión.
- (ii) The transfer in favor of Telecom of the authorizations for use and the resources allocated to provide the services registered under the name of Cablevisión and/or the companies merged into the latter.
- (iii) The change of corporate control that will occur in Telecom Argentina S.A. once the above-mentioned authorization from the ENACOM has been obtained, the Merger becomes effective and the shareholders agreement dated July 7, 2017 enters into effect, which will result in Cablevisión Holding

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S.A. becoming the controlling company of Telecom Argentina S.A. as surviving company of Cablevisión.

8.6. Audiovisual Communications Law of the Republic of Uruguay

Law No. 19,307 was published in the Official Gazette of the Republic of Uruguay on January 14, 2015. This Law governs radio, television, and other audiovisual communication services (hereinafter, the “Audiovisual Communications Law”). Section 202 of such law provides that the Executive Branch shall issue its implementing regulations within a 120-day term, counted as from the day following publication of the Audiovisual Communications Law in the Official Gazette. As of the date of these interim condensed consolidated financial statements, only Decree No. 45/015 has been issued, but the implementing regulations for most of the sections of this law are still pending. Such Decree provides that the concession for the use and allocation of the radio-electric spectrum for non-satellite audiovisual communication services shall be granted for a term of 15 years.

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

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

NOTE 9 – PROVISIONS AND OTHER CHARGES

9.1. Judicial, administrative and other proceedings

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

b) The CNDC initiated three legal actions following complaints filed by other cable television companies under Law No. 25,156 alleging an improper refusal by Dayco Holdings Ltd. (“Dayco”), a subsidiary of Fintelco group, to sell rights to broadcast South American qualifying football matches for the Korea/Japan 2002 World Cup. On February 14, 2003, the CNDC served Cablevisión notice of the complaint in one of those legal actions to provide explanations.

Subsequently, the Technical Coordination Secretary of the Ministry of Economy and Production decided that the proceedings related to one of the actions above should be closed. Although Dayco timely submitted the answers required and Cablevisión did the same on March 10, 2003, the CNDC has not made any material decision.

On July 16, 2010, the SCI served notice to Cablevisión and Multicanal of Resolution No. 219/2010 whereby the Secretariat of Domestic Trade found that both companies had engaged in market sharing practices in connection with the paid-television service in the City of Santa Fe and imposed a fine of Ps. 2,500,000 on each of them. On July

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26, 2010, both companies 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 June 4, 2012, the Federal Court of Appeals of Rosario partially confirmed SCI Resolution No. 219/2010, whereby the Secretariat of Domestic Trade found that Cablevisión and Multicanal had engaged in market sharing practices in connection with the paid-television service in the City of Santa Fe and reduced the fine imposed on each of the companies involved from Ps. 2.5 million to Ps. 2 million. However, this decision is not yet final, because Cablevisión and Multicanal and the Ministry of Economy filed appeals, which are still pending before that Court of Appeals. On October 21, 2014, the Argentine Supreme Court dismissed the appeals; therefore, Resolution No. 219/2010 became final. The case is currently pending with the Court of Appeals of Rosario, which shall order its referral to the SCI. The SCI, in turn, shall serve notice to the companies involved in order for them to pay the fine.

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

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

The ongoing investigations of the CNDC and SCI may lead to the imposition of fines pursuant to Law No. 25,156, which would be appealable. The eventual fines would be graduated based on: (i) the loss incurred by the people affected by the allegedly prohibited activity; (ii) the benefit obtained by all the people involved in the prohibited activity and (iii) the value of the assets involved owned by the people indicated in item (ii) above at the time the alleged violation was committed. To date, there is not any standard criterion on the application of the above-mentioned parameters.

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.

c) In 2003, ELP Investments filed a criminal complaint in Argentina against certain individuals related to the Hicks Muse Tate & Furst Group (“HMTF”), including some who were Directors of Cablevisión. That criminal complaint, which was filed by a person that is not a shareholder or creditor of Cablevisión, challenged certain operations undertaken by Cablevisión. Although Cablevisión believed that the party filing the complaint was not entitled to do so, and that the allegations by ELP Investments were false or wrongly presented, the court handling this case ordered searches at Cablevisión’s offices, as well as the seizure of certain of Cablevisión’s corporate books. On June 27, 2003, the criminal court appointed an agent to gather information at Cablevisión’s offices regarding the case within a forty five-day period. On September 16, 2003, this period was extended for forty five additional days. Cablevisión and certain Directors of that company each denied the challenges alleged by ELP Investments and offered supporting evidence and Cablevisión appealed the court’s appointment of the agent. On October 21, 2003, Chamber IV of the Criminal and Correctional Court of Appeals declared the nullity of all the decisions made and actions taken by the lower court judges. The litigation, however, continued through the filing of remedies before the highest criminal court of appeals (*Cámara de Casación*) and the Supreme Court of Argentina. The *Cámara de Casación* partially revoked the decision rendered by Chamber IV. The majority of the judges of this court of appeals upheld the principles and grounds held by Chamber IV. Notwithstanding the above-mentioned, the *Cámara de Casación* held that the proceedings related to the preliminary injunctions that are still pending should be resolved in the first place. It should be noted that, given the share transfers made in 2006, the companies represented by the parties involved in the above-mentioned case have ceased to be shareholders of Cablevisión. Cablevisión was never a party to the case. On July 3, 2009, Chamber IV of the Criminal Court of Appeals held that the intervention of Cablevisión was no longer in effect and, therefore, declared moot the claims that had been brought against that intervention.

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On May 11, 2010, the Criminal Court of First Instance declared that the legal action had become barred by the statute of limitations and permanently acquitted the accused from all the criminal offenses claimed by ELP Investments. That decision was appealed by the acting Prosecutor and is now pending before Chamber IV of the Criminal and Correctional Court of Appeals. That Chamber suspended the application of the statutes of limitation to the criminal action. The suspension is due to the fact that the former claimant ELP Investments brought a new claim requesting to be a party to this proceeding. To date, Chamber IV of the Criminal and Correctional Court of Appeals has not allowed the former claimant ELP Investments to be a party to this proceeding. ELP Investments filed an appeal against this decision, which is still pending.

d) The Government of the City of Mar del Plata enacted Ordinance No. 9,163, governing the installation of cable television networks. Such ordinance was amended and restated by Ordinance No. 15,981 dated February 26, 2004, giving cable companies until December 31, 2007 to adapt their cable networks to the new municipal requirements. The ordinance sets forth that in those areas where street lighting has underground wiring, cable television networks are to be placed underground. In this sense, the Executive Department of the Municipality of General Pueyrredón has submitted to the Municipal Council a proposed ordinance extending the term provided until December 31, 2015. The term for legislators to discuss that proposed ordinance within the legislative period in which it was presented has expired. Even though the ordinance provides for certain penalties/ fines that may be imposed, the city has not imposed such penalties to cable systems that are not in compliance with such ordinance.

e) Multicanal has brought several legal actions requesting the nullification of: i) all the Ordinary Shareholders' Meetings of Supercanal Holding S.A. held from 2000 to date, and ii) the guarantees granted by Supercanal Holding S.A. on bank loans exclusively in favor of the group controlling Supercanal Holding S.A. (Grupo Uno S.A. and its affiliates). In addition, a claim for the dissolution and liquidation of Supercanal Holding S.A. was brought jointly with the action for the removal of all the members of the Board of Directors and the Supervisory Committee, and the dissolution of Supercanal Capital N.V. On March 29, 2000, Supercanal filed for insolvency proceedings before the National Court of First Instance on Commercial Matters No. 20, Clerk's Office No. 40, which was admitted by the Court on March 27, 2001. On December 26, 2007, the Court rendered a decision whereby it dismissed the claims and approved the settlement proposal. That approval was appealed by the pledgees. On October 30, 2009, the Court of Appeals, rendered a decision whereby it revoked the approval of the proposal and requested the debtor to provide certain explanations and clarifications about the submitted proposal and to provide guarantee to the pledgees on the shares of the original shareholders. Supercanal made a filing stating that it complied with both requirements and provided a Ps. 2 million escrow for the pledgees. On March 3, 2011, the Court of First Instance approved once again the insolvency proceeding. That decision was once again appealed by the pledgees. On December 28, 2011, Chamber A of the Court of Appeals partially revoked the decision rendered by the Court of First Instance upholding the approval of the proposal submitted by Supercanal Holding S.A. but ordering that the guarantee for the pledgees should be of USD 30 million.

On April 23, 2012, a decision was rendered on one of the claims brought by Multicanal against Supercanal ordering the nullification of the decisions made at Supercanal's Shareholders' Meeting held on January 25, 2000 in considering points 2, 4, 5 and 6 relating to: i) the capital reduction to Ps. 12,000; ii) the cancellation of the shares corresponding to the reduced capital; iii) the capital increase to Ps. 83,012,000; iv) the delegation to the Board of Directors of the fixing of the term for the subscription and payment of the increase and the cancellation and registration of outstanding shares; and v) the amendment of the by-laws in connection with the changes in the capital stock in a new shareholders' meeting.

Such decision was appealed by both parties and the appeal is pending before the Court of Appeals.

Upon the revocation of a preliminary injunction initially granted in favor of Multicanal in re "Multicanal S.A. v/ Supercanal Holding S.A. on summary proceedings" for the request for nullification of the Shareholders' Meeting of Supercanal Holding S.A. held on January 25, 2000 at which the shareholders of that company decided to reduce the capital stock of Supercanal Holding S.A. to Ps. 12,000 and to subsequently increase the capital stock to Ps. 83,012,000, Multicanal was served on December 12, 2001 with a claim filed by Supercanal Holding S.A. for damages caused by the above-mentioned preliminary injunction which was subsequently revoked. Supercanal Holding S.A. alleges that the suspension of the effects of its Shareholders' Meeting that had been held on January 25, 2000 caused its insolvency. Multicanal answered the claim denying any liability stating that the claimant's insolvency took place, as per the documentary evidence provided by the very same claimant, before the date of the

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Shareholders' Meeting, which effects were suspended by the preliminary injunction. On the other hand, the suspension of the effects of the Shareholders' Meeting did not preclude the capitalization of Cablevisión by other alternative means. Based on legal and factual precedents of the case, Cablevisión, as successor of Multicanal's operations, believes that the claim filed should be rejected in its entirety, and that the legal costs should be borne by the plaintiff. The proceeding is at the discovery stage. The Court of First Instance dismissed Supercanal Holding S.A.'s request that it be allowed to sue without paying court fees or costs. This decision has been ratified by the Federal Court of Appeals.

Cablevisión cannot assure that, as a result of the actions brought, it may obtain a favorable economic or equity outcome. Currently and due to the ancillary jurisdiction of the insolvency proceedings of Supercanal Holding S.A. all the claims brought are pending before the above-mentioned court.

f) Multicanal, which was merged into Cablevisión, has taken notice of a claim (with which it has not been served as of the date of these interim condensed consolidated financial statements) brought against it by an entity representing consumers and alleged financial victims (and by six other individuals). Claimants are Multicanal noteholders - individuals who are not investment professionals or consumers- who claim to be allegedly affected by Multicanal's APE Since neither Multicanal nor Cablevisión, as successor of Multicanal, has been served with that claim, we cannot estimate the impact it will have on Cablevisión.

g) On January 22, 2010, Cablevisión was served notice of CNDC Resolution No. 8/10 issued within the framework of file No. 0021390/2010 entitled "Official Investigation of Cable Television Subscriptions (C1321)". Pursuant to this Resolution, Cablevisión, among other companies, was ordered to refrain from conducting collusive practices and, particularly, from increasing the price of cable television subscriptions for a term of 60 days, counted as from the date compliance with all required notices is certified in the records of the case. As established by that Resolution, companies that have already increased the price of the subscriptions shall return to the price applicable in November 2009 and maintain such price for the above-mentioned term.

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

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

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

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

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

Even though as of the date of these interim condensed consolidated 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 that Resolution No. 50/10 is arbitrary and bluntly disregards its freedom to contract, which is part of the right to freedom of industry and trade. Therefore, it has filed the pertinent administrative claims and has brought the necessary legal actions requesting the suspension of the Resolution's effects and ultimately requesting its nullification.

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

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

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

Cablevisión believes that Resolution No. 36/10 is illegal and arbitrary, since it is grounded on Resolution No. 50/10, which is absolutely null and void. Since the application of Resolution No. 50/10 has been suspended, the application of Resolution No. 36/11, which falls within the framework of the former, is also suspended.

The claim filed by Cablevisión seeking the nullification of Resolution No. 50/10 is currently pending before the Federal Administrative Court of First Instance No. 7 of the City of Buenos Aires. This claim was dismissed in view of the claim pending in the City of Mar del Plata.

Subsequently, the SCI issued Resolutions Nos. 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 pursuant to which the SCI extended the effectiveness of Resolution No. 36/11 up to and including September 2014, and adjusted the cable television subscription price to Ps. 152. Cablevisión believes, however, that given the terms under which the Federal Court of the City of Mar del Plata granted the preliminary injunction, that is, ordering the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by ATVC (among them, Cablevisión and its subsidiaries), and also given the fact that Resolutions No. 36/11, 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 merely apply Resolution No. 50/10, Cablevisión continues to be protected by said preliminary injunction, and, therefore, the ordinary course of its business will not be affected.

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

Cablevisión appealed the fine on the grounds that Resolution No. 50/10 issued by Mr. Moreno, as well as its extensions and/or amendments were suspended, as mentioned above, by an injunction with respect to Cablevisión and its branches and subsidiaries prior to the imposition of the fine; pursuant to the collective injunction issued by the Federal Court of the City of Mar del Plata on August 1, 2011 in re "La Capital Cable and Others v. National

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Government and Others on Preliminary Injunction”. That injunction suspended the application of all the criteria set by the Secretariat of Domestic Trade under Mr. Guillermo Moreno.

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

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

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

For the purposes of enforcing the injunction, the court issued letters rogatory to the competent judge of the City of Buenos Aires. Upon the initiation of that proceeding, both the National Court on Federal Administrative Matters and the National Court on Federal Civil and Commercial Matters declined jurisdiction to enforce the injunction ordered by the Federal Judge of La Plata. Cablevisión has appealed the decision in connection with the lack of jurisdiction in due time and form. Chamber 1 of the Federal Court of Appeals on Civil and Commercial Matters confirmed the appealed decision. Accordingly, Cablevisión will file an extraordinary appeal in due time and form to have the case decided by the Supreme Court of Argentina.

It should be noted that, in the light of the corporate reorganization and at the request of both parties, that company requested in the file to suspend the procedural terms for 180 days, which was granted by the judge. Therefore, the procedural terms have been suspended until December 11, 2014. Given the decision rendered by the Supreme Court of Argentina in re “Municipality of Berazategui v. Cablevisión” mentioned below, the procedural periods remain suspended until the Federal Court of Mar del Plata renders a decision thereon.

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

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

On September 23, 2014, the Supreme Court of Argentina rendered a decision in re “Municipality of Berazategui v. Cablevisión” and ordered that the cases related to these resolutions continue under the jurisdiction of the Federal Court of Mar del Plata that had issued the decision on the collective action in favor of ATVC.

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

i) 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

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requirements under applicable regulations (Resolution No. 906/98) when informing its subscribers of the increase in the price of their cable television subscriptions. Cablevisión appealed the fines on November 12, 2010 because it believes it has strong grounds in its favor. However, it cannot assure that the outcome will be favorable. One of the files was assigned No. 1,280 and is pending before Chamber No. 1 of the Federal Administrative Court of Appeals, and the other one was assigned No. 1,278 and is pending before Chamber No. 5 of the Federal Administrative Court of Appeals.

j) 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 No. 20,680.

On February 10, 2012, Cablevisión received a fine of Ps. 1,000,000 for alleged non-compliance with such Resolution. Such fine has been appealed but no decision has been rendered on the matter yet.

k) On November 27, 2012 the National Administration of Domestic Trade served Cablevisión with Resolution No. 308/2012, whereby it imposed a Ps. 5 million fine on that company alleging that it had failed to comply with Section No. 4 of the Antitrust Law (increase in the subscription price of cable television services/wrongful information provided by Customer Service, which informed by mail SECOM Resolution No. 50 and the supplementing resolutions are suspended on grounds of unconstitutionality, when in fact they have been suspended by an injunction). On December 11, 2012 Cablevisión appealed Resolution No. 308/2012. The administrative file No. S01:0312056/2011 was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 1 in re “Cablevisión SA v. DNCI Res. 308/12 and Other” (File 140/13). A decision has not been rendered yet.

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

l) On April 9, 2013, Cablevisión was served notice of AFIP Resolution No. 45/13 dated April 3, 2013, whereby such agency imposed penalties in a summary proceeding against Cablevisión with respect to compliance with General Resolution No. 3,260/12. Cablevisión filed an appeal, which has staying effects on the execution of those penalties.

m) On May 30, 2013, Pem S.A. was served with a claim in re “TELEVISORA PRIVADA DEL OESTE S.A. v. GRUPO CLARÍN S.A. AND OTHERS on ORDINARY” File No. 99078/2011, which is pending before the Federal Commercial Court No. 16 of First Instance, Clerk’s Office No. 32. The claim seeks damages resulting from certain decisions made with respect to Televisora Privada del Oeste S.A. Cablevisión and Grupo Clarín, among others, are defendants in such lawsuit. Cablevisión was served with the claim and filed a response in due time and form. Notice of the claim is being served on the other co-defendants. According to Cablevisión’s legal advisors, the chances of success of the claim are low because the damages claimed are clearly overstated, the actual damage invoked does not exist and the claim is procedurally inappropriate, on both a factual and legal basis. Pem S.A. filed a response and the proceeding is now in the discovery stage. In view of the level of conflict that has arisen among the parties and the length of time it is taking to reach a solution, Cablevisión cannot ascertain the outcome of this claim.

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

On October 08, 2010, the National Administration of Domestic Trade served notice to Cablevisión of Resolution No. 697/2010, whereby it imposed a fine of Ps. 500,000 for breach of Section 21 of the Business Loyalty Law No.

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

o) As a result of a report on suspicious activities reported by the Argentine Federal Revenue Service (“AFIP”) concerning transactions carried out between Grupo Clarín and some of its subsidiaries, the Financial Information Unit pressed criminal charges against Cablevisión and its officers in office in the corresponding fiscal year for alleged money laundering in connection with intercompany movements between Cablevisión and certain subsidiaries during fiscal period 2008. The action is now pending before Federal Court No. 9, under Dr. Luis Rodríguez.

During March 2014, the intervening prosecutor Dr. Miguel Angel Osorio broadened the request for evidence.

Cablevisión and its legal advisors believe that there are strong arguments in the Company’s favor, since the suspected movements were regular and had been duly recorded, and have gathered evidence that supports the non-existence of any such illegal maneuvers. However, they cannot assure that the outcome of this action will be favorable.

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

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

As a result of the foregoing, Cablevisión and its subsidiaries started to calculate employer’s contributions as a VAT tax credit as from September 2015.

q) On April 5, 2017, a subsidiary of the Cablevisión received a notification from the Under-Secretary of State for Taxation of the Treasury (“SET”) of the Republic of Paraguay, whereby that subsidiary was informed that it had failed to determine the additional IRACIS rate on the accumulated results of the companies merged in 2014. The Company’s subsidiary considers that it has solid arguments to support its position.

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9.2. Re-allocation of Frequencies in Uruguay

The Executive Branch of Uruguay issued Decree No. 73/012, published in the Official Gazette on March 16, 2012, whereby it expressly repealed Decree No. 231/011, which had revoked certain signals' broadcast frequencies. However, the new decree ratified and repeated – virtually in identical terms - the decree that was being repealed, and added certain provisions that caused further detriment to the two affected companies with which a subsidiary of Cablevisión has contractual arrangements in place. Consequently, on March 23, 2012 the affected companies filed an appeal requesting that Decree No. 73/012 be revoked. The appeal is still pending resolution.

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

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

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

Even though both companies' request for the annulment of Decree No. 153/012 was granted for formal reasons (failure to serve prior notice) by the Court on Administrative Litigation Matters (decision 455 of June 11, 2015), this decision does not change prior considerations about the terms of Decree No. 82/015 with respect to both companies due to the fact that Decree No. 305/015 (which substituted Decree No. 153/012) confirmed the allocation of channels 21 through 36 (512 MHz - 608 MHz) and 38 through 41 (614 MHz - 638 MHz), of 6 MHz each, in the UHF band exclusively for rendering accessible, free, digital broadcast television services all over the country, except for channels 35 (596-602 MHz), 36 (602-608 MHz) and 38 through 41 (614-638 MHz) only in the geographic area for which BERSABEL S.A. and VISION SATELITAL S.A. had received authorization, which will be used solely for rendering television services to subscribers through the codified UHF system, as it had been previously and expressly stated in Section 5 of Decree No. 82/015 (which repealed and amended the language of Section 1 of the above-mentioned Decree No. 153/012).

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NOTE 10 - RESERVES, ACCUMULATED INCOME AND DIVIDENDS

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Balances as of May 1, 2017:	
Legal Reserve	75,081,092
Retained Earnings	834,358,059
Other Reserves	(3,203,262)
Optional Reserves	<u>3,691,570,698</u>
Total	4,597,806,587
Changes in Other Reserves	(430,848)
Net Income Attributable to the Shareholders of the Controlling Company	<u>1,147,769,382</u>
Balance at the end of the period	<u>5,745,145,121</u>

1. Cablevisión

On March 30, 2017, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to appropriate the net income for the year ended December 31, 2016, which amounted to Ps. 4,045,337,263, as per the following detail: (i) Ps. 1,600,000,000 to the distribution of cash dividends payable to the shareholders in proportion to their equity interests in Argentine Pesos or US Dollars, in two installments, the first one to be paid within a term of thirty days as from the date of such Shareholders' Meeting and the second one to be paid on December 31, 2017 or earlier as determined by the Board of Directors, and delegated on the Board of Directors the power to establish the time and payment method, (ii) Ps. 200,479,147 to the increase of the Legal reserve, and (iii) Ps. 2,244,858,116 to the Optional reserve to maintain Cablevisión's level of capital expenditures and its current solvency level". As of the date of these interim condensed consolidated financial statements, Cablevisión paid all of the distributed dividends.

NOTE 11 – EARNINGS PER SHARE

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

	<u>5-month period ended September 30, 2017</u>	<u>July 1, 2017 through September 30, 2017</u>
Net Income used in the Calculation of Basic Earnings per Share (gain):		
From Continuing Operations	<u>1,147,769,382</u>	<u>717,078,672</u>
	<u>1,147,769,382</u>	<u>717,078,672</u>
Weighted Average of the Number of Common Shares used in the Calculation of Basic Earnings per Share	180,642,264	180,642,054
Earnings per Share	6.35	3.97

The weighted average of outstanding shares for the five-month period ended September 30, 2017 was 180,642,264. Since no debt securities convertible into shares were recorded, the same weighted average should be used for the calculation of diluted earnings per share.

	<u>5-month period ended September 30, 2017</u>	<u>July 1, 2017 through September 30, 2017</u>
Basic and Diluted Earnings per Share		
From Continuing Operations	6.35	3.97
Total Earnings per Share	6.35	3.97

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November 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Carlos Alberto Pedro Di Candia
Supervisory Committee

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NOTE 12 – FINANCIAL INSTRUMENTS

12.1. Financial Risks Management

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

12.1.1 Capital Risk Management

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

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

12.1.2 Financial Risk Management

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

Cablevisión Holding does not enter into financial instruments for speculative purposes as common practice.

12.1.3 Exchange Risk Management

Cablevisión Holding carries out transactions denominated in foreign currency. Therefore, it is exposed to exchange rate fluctuations. A portion of the Company's debt is denominated in US dollars while its revenues are generated in the currency of the country where it operates.

Therefore, the Company entered into foreign currency forward transactions.

The following table shows the monetary assets and liabilities denominated in foreign currency (USD) as of September 30, 2017:

	September 30, 2017
	In Argentine pesos
ASSETS	
Other Assets	311,515,414
Other Receivables	82,812,068
Trade Receivables	565,381
Investments	12,504,395,643
Cash and Banks	1,113,100,168
Total Assets	<u>14,012,388,674</u>
LIABILITIES	
Bank and Financial Debt	23,254,288,508
Provisions and Other Charges	134,369
Other Liabilities	1,134,355
Trade Payables and Other	824,137,213
Total Liabilities	<u>24,079,694,445</u>

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12.1.4. Interest Rate Risk Management

As of September 30, 2017, Cablevisión Holding is exposed to interest rate risk because the Company has taken a loan at a variable interest rate (see Note 7.9.2) and that it has not entered into hedge agreements to mitigate these risks. If interest rates had eventually been 100 basis points higher and all the variables had remained constant, the additional estimated loss before taxes would have been of approximately Ps. 0.7 million as of September 30, 2017.

12.1.5. Equity Price Risk Management

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

12.1.6 Credit Risk Management

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

Bank deposits are held in renowned institutions.

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

12.1.7 Liquidity Risk Management

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

The Company believes that the cash flows generated by its operations and the access to financing sources will allow it to meet its financial obligations.

12.2. Financial Instruments at Fair Value

The following table shows the Company's financial assets and liabilities measured at fair value as of September 30, 2017:

	<u>September 30, 2017</u>	<u>Quoted Prices (Level 1)</u>	<u>Other Significant Observable Items (Level 2)</u>	<u>Non-observable significant data (Level 3)</u>
<u>Assets</u>				
Current Investments	13,220,613,205	769,608,455	12,451,004,750	-
Other Receivables	52,620,000	-	-	52,620,000

Financial assets are valued using quoted prices for identical assets and liabilities (Level 1), or the prices of similar instruments arising from sources of information available in the market (Level 2). If one or more significant inputs are not based on observable data, the instrument is included in Level 3.

12.3. Fair Value of Financial Instruments

The book value of cash, accounts receivable and current liabilities is similar to their fair value, due to the short-term maturities of these instruments. Non-current financial loans were executed on a date near the closing of the period ended September 30, 2017. Therefore, their amortized cost approximates their fair value.

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

Derivatives are measured at its fair value.

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

The following table shows the estimated fair value of non-current financial liabilities (amounts stated in thousands of Argentine pesos) are the following (in millions of Argentine pesos):

	<u>September 30, 2017</u>	
	<u>Book Value</u>	<u>Fair Value</u>
Non-Current Bank and Financial Debt	22,085	22,383

NOTE 13 – SUBSEQUENT EVENTS

- a) Note 4 describes the main events that took place after September 30, 2017 relating to the acquisition of companies and corporate reorganization processes.
- b) Note 7.9 describes the main events that took place after September 30, 2017 relating to bank and financial indebtedness.

NOTE 14 - APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of Cablevisión Holding has approved these interim condensed consolidated financial statements and authorized their issuance for November 10, 2017.

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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Carlos Alberto Pedro Di Candia
Supervisory Committee

Alejandro Alberto Urricelqui
Chairman

Cablevisión Holding S.A.
SUPPLEMENTARY FINANCIAL INFORMATION

As of September 30, 2017

1. Company Activities

On September 28, the shareholders of Grupo Clarín decided to implement the merger - spin-off process proposed by the Board of Directors during August 2016, mentioned in Note 1 to the interim condensed consolidated financial statements. First, Grupo Clarín merged with certain subsidiaries, and then it spun off a portion of its equity to create a new company under the name Cablevisión Holding S.A.

As part of the equity subject to the spin-off, Grupo Clarín transferred to Cablevisión Holding S.A. certain equity interests or participations, including the direct and indirect equity interests held by Grupo Clarín in Cablevisión and in GCSA Equity, LLC. Consequently, after the Corporate Reorganization was executed, Cablevisión Holding S.A. became the owner, directly or indirectly, of 60% of the capital stock and votes of Cablevisión and of 100% of the participation of GCSA Equity, LLC. Grupo Clarín retained and continued with all activities, operations, assets and liabilities that were not specifically allocated to Cablevisión Holding S.A.

The Corporate Reorganization Transaction was registered with the IGJ on April 27, 2017. In view of the above and taking into consideration that the effective date of the Spin-off (the "Effective Date of the Spin-off") was the first day of the month following the date on which the latest of the following registrations was completed: (i) the registration of the Corporate Reorganization with the IGJ, or (ii) the registration of the incorporation of Cablevisión Holding S.A. with the IGJ, the Effective Date of the Spin-off was May 1, 2017. As from this date, the Effective Date of the Spin-off, Cablevisión Holding S.A. began its activities on its own, and the accounting effects of the Spin-off became effective and the Company transferred the operations, risks and benefits described in the Exhibit to the Prospectus published by the Company as well as the assets and liabilities that make up the "Equity Subsequently Allocated" as decided by Grupo Clarín's Board of Directors on April 28, 2017, pursuant to the powers delegated by Grupo Clarín's Extraordinary Shareholders' Meeting held on September 28, 2016.

Cablevisión Holding S.A. requested authorization to be admitted to the public offering regime in Argentina and to the London Stock Exchange. Due to the fact that the Company has obtained all of the required regulatory authorizations, on August 30, 2017, Grupo Clarín and Cablevisión Holding exchanged their shares pursuant to the exchange ratio approved by the Grupo Clarín's shareholders at the time of approval of the spin-off process.

Cablevisión, a subsidiary of the Company, informed on June 30 that its Board of Directors had approved the "Pre-merger Commitment" whereby Telecom Argentina S.A. ("Telecom Argentina") would absorb Cablevisión under a merger by acquisition process subject to certain corporate and regulatory approvals. The Pre-Merger Commitment provides for: i) an exchange ratio of 9,871.07005 new common shares with nominal value of Ps. 1 each of Telecom Argentina to be issued, for each common share with nominal value of Ps. 10,000 each of Cablevisión (the "Exchange Ratio"). ii) as a result of the Merger, Telecom Argentina will issue on the Effective Date of the Merger to be established, 1,184,528,406 new common book-entry shares with nominal value of Ps. 1 and entitled to one vote per share to be delivered to the shareholders of Cablevisión, under the form of Class "A" Shares of Telecom Argentina or Class "D" Shares of Telecom Argentina, as appropriate, in accordance with the exchange ratio, or the number of new shares resulting from the adjustments to the Exchange Ratio under the Pre-Merger Commitment. iii) the Exchange Ratio was deemed reasonable from a financial standpoint by the financial advisors.

On August 31, 2017, the shareholders of Cablevisión and Telecom Argentina held their respective Shareholders' Meetings, at which their shareholders approved the pre-merger commitment that had been

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Alejandro Alberto Urricelqui
Chairman

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executed between them. On October 31, both companies executed the final merger agreement, which was filed with the CNV to request administrative approval.

In addition, Cablevisión Holding informed that on July 7, 2017, it had executed with Fintech Telecom LLC, the controlling company of Telecom Argentina S.A. (“Telecom”) a shareholder agreement that will govern the exercise of the rights of the shareholders of Telecom (the “Agreement”) once the merger process between Telecom and Cablevisión S.A. informed on June 30, 2017 has concluded and become effective. The above-mentioned merger process is subject to prior authorizations from their respective shareholders’ meetings and from the pertinent regulatory authorities. Under that Agreement, the parties have provided: i) The representation of the corporate bodies establishing that, subject to the fulfillment of certain conditions established therein and provided Cablevisión Holding S.A. complies with certain minimum holding requirements in the Merger Company, it may appoint the majority of the members of the Board of Directors, the Executive Committee, the Audit Committee and the Supervisory Committee; ii) a scheme of special majority requirements for the approval by the Board of Directors and/or the Shareholders’ Meeting, as appropriate, of certain issues, such as: i) the Business Plan and the Annual Budget of the Merged Company, ii) the amendment of the bylaws, iii) the change of external auditors, iv) the creation of committees of the Board of Directors, v) the hiring of Key Employees as defined under the Agreement, vi) the merger or consolidation of Telecom or any Controlled Company, vii) acquisition of certain assets, viii) sales of certain assets, ix) increases of capital stock, x) borrowing above certain limits, xi) capital investments in infrastructure, plant and equipment above certain amounts, xii) transactions with related parties, xiii) contracts that impose restrictions on the distribution of dividends, xiv) new business lines or the discontinuation of existing ones, xv) actions to be taken in insolvency situations, among others.

On July 7, 2017, Company accepted an offer for a call option granted by Fintech Advisory Inc. and its subsidiaries for the acquisition of an equity interest of 13.51% of Telecom (which will represent approximately 6% of Telecom’s capital stock once the merger process becomes effective) for USD634,275,282. The maximum term for exercising the call option is one year as from July 7, 2017. On October 5, 2017, the Company made a prepayment of the aggregate Exercise Price under the Irrevocable Call Option mentioned above for USD 634,275,282.

On September 25, 2017, the Company’s Board of Directors took note of the acceptance by Citibank, N.A., Goldman Sachs Bank USA, Industrial and Commercial Bank of China Limited, Dubai (DIFC) Branch, Itaú Unibanco S.A., Nassau Branch of the loan offer for USD 750,000,000 submitted by the Company. A portion of the funds from the loan was used for the prepayment of the Exercise Price under the Option Agreement signed by the Company, Fintech Advisory Inc and its subsidiaries –Fintech Telecom LLC and Fintech Media LLC-, dated July 7, 2017.

On September 27, 2017, the Company’s Board of Directors took note of the acceptance by the Lenders and the Collateral Agent- the branch of Citibank N.A. established in Argentina-, of the pledge offer submitted by the Company and, therefore, it created a first priority pledge on 30,123 Class “A” book-entry common shares of nominal value Ps. 10,000 each and entitled to one vote per share, held by the Company in Cablevisión, in favor of the Collateral Agent, acting for the benefit of Citibank, N.A. Goldman Sachs Bank USA, Industrial and Commercial Bank of China Limited Dubai (DIFC) Branch, Itaú Unibanco S.A., Nassau Branch as Lenders, Citibank, N.A. as Offshore Collateral Agent and the branch of Citibank N.A. established in Argentina as Onshore Collateral Agent, under the loan.

As far as business management is concerned, Cablevisión continues to focus on subscriber loyalty initiatives, as well as on boosting penetration of its premium services, such as, Cablevisión HD, Pay Per View (PPV), Video On Demand (VoD) and Digital Video Recording (DVR) and expanding its broadband Internet access subscriber base. Progress was also made in the optimization of the reach of digital and premium services to cities and towns in the provinces.

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PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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Chairman

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

2. CONSOLIDATED FINANCIAL STRUCTURE

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

	September 30, 2017
Non-current assets	27,033,921
Current assets	<u>18,131,574</u>
Total Assets	<u>45,165,495</u>
Equity of the Parent Company	7,856,899
Equity of Non-Controlling Interests	<u>5,623,527</u>
Total Equity	<u>13,480,426</u>
Non-current liabilities	23,639,379
Current liabilities	<u>8,045,690</u>
Total Liabilities	<u>31,685,069</u>
Total Equity and Liabilities	<u>45,165,495</u>

3. CONSOLIDATED COMPREHENSIVE INCOME STRUCTURE

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

	Five-month period ended September 30, 2017
Operating income/loss from continuing operations ⁽¹⁾	4,702,908
Financial Results	(1,612,179)
Equity in Earnings from Associates	63,464
Other Income and Expenses, net	<u>407</u>
Income/loss from continuing operations before income tax and tax on assets	3,154,601
Income tax and tax on assets	<u>(1,113,556)</u>
Income for the period	2,041,045
Other Comprehensive Income for the period	<u>203,659</u>
Total Comprehensive Income for the Period	<u>2,244,704</u>

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

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Chairman

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4. Cash Flow Structure

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

	Five-month period ended September 30, 2017
Cash provided by (used in) Operating Activities	6,314,587
Cash provided by (used in) Investment Activities	(4,515,034)
Cash provided by (used in) Financing Activities	<u>11,335,152</u>
Total Cash provided (used) for the Period	<u>13,134,704</u>
Financial Results Generated By Cash And Cash Equivalents	<u>(200,709)</u>
Total Changes in Cash	<u><u>12,933,995</u></u>

5. STATISTICAL DATA

	September 30, 2017
Cable TV subscribers ⁽¹⁾	3,508,090
Cable TV homes passed ⁽²⁾	7,857,190
Cable TV churn ratio	14.67
Internet access subscribers ⁽¹⁾	2,297,346

(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).

6. RATIOS

	September 30, 2017
Liquidity (current assets / current liabilities)	2.25
Solvency (equity / total liabilities)	0.43
Capital assets (non-current assets / total assets)	0.60

7. OUTLOOK

The Company will provide high quality services through its subsidiaries. It will focus on maintaining and consolidating its presence in the telecommunications market to meet the growing demand for products and services mainly associated with broadband and mobility. Its long-term business strategy is aimed at upgrading the networks

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of its subsidiaries to improve the quality of the service provided to their customers and increase its penetration in the broadband business, which has the greatest potential for future growth.

The Company seeks to leverage its positioning and access to opportunities for growth in the Argentine and regional industry to strengthen and develop its current businesses. As indicated in Note 4.d), on June 30, 2017, the Boards of Directors of Telecom Argentina S.A. and Cablevisión S.A. approved a pre-merger commitment whereby Telecom Argentina S.A., a company incorporated and existing under the laws of Argentina, the shares of which are currently listed in the stock markets of New York and Buenos Aires (NYSE: TEO, BCBA: TECO2), in its capacity as absorbing company, will absorb Cablevisión S.A., which will be dissolved without liquidation, pursuant to the provisions of Sections 82 and 83 of the General Associations Law No. 19,550 and subject to corporate and regulatory approvals (the "Merger"). The purpose of the Merger is for the merged company to offer in an efficient manner, in line with the national and international trend, technological convergence products for media and telecommunications in the different modalities, either separately or independently, of voice, data, sound and video transmission services, both wired and wireless, as an all-in-one solution or as a series of products to be provided to users as a whole for the benefit of the users and consumers of those multiple individual services. Both companies believe that their respective operating and technical structures are highly complementary and may be optimized through a structural consolidation, achieving synergies and efficiencies in the development of convergence products along with the demand of the market.

Cablevisión Holding will continue to focus 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.

City of Buenos Aires, November 10, 2017.

See our report dated
November 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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Alejandro Alberto Urricelqui
Chairman

Free translation from the original prepared in Spanish

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the President and Directors of
Cablevisión Holding S.A.
Legal domicile: Tacuarí 1842, 4th floor,
City of Buenos Aires
CUIT No. 30-71559123-1

Introduction

We have reviewed the attached interim condensed consolidated financial statements of Cablevisión Holding S.A. and its controlled subsidiaries (the "Company") which comprise the consolidated balance sheet at September 30, 2017, the consolidated statement of comprehensive income for the five-month and three-month periods beginning on May 1, 2017 and July 1, 2017 and ended on September 30, 2017 and the consolidated statement of changes in equity and of cash flows for the five-month period ended September 30, 2017 and selected explanatory notes.

Management's responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) to its regulations, as approved by the International Accounting Standards Board (IASB) and, therefore, is responsible for the preparation and presentation of the interim condensed consolidated financial statements mentioned in the first paragraph in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

Scope of our review

Our review was limited to the application of the procedures established by International Standard on Review Engagements ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity", which was adopted as review standard in Argentina by Technical Resolution No. 33 of the FACPCE as it was approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company's personnel responsible for preparing the information included in the interim condensed consolidated financial statements and applying analytical and other review procedures. The scope of this review is substantially less than an audit conducted in accordance with International Standards on Auditing. Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated balance sheet, consolidated comprehensive income and consolidated cash flows of the Company.

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the interim condensed consolidated financial statements mentioned in the first paragraph of this report are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of Matter

Without modifying our conclusion, we would like to emphasize the information contained in Note 9.1.h. to the interim condensed consolidated financial statements, which describes the situation related to the resolution issued by the regulator to calculate the monthly fee payable by the users of television services provided by the subsidiary Cablevisión S.A., whose decision cannot be foreseen to date.

Report on compliance with current regulations

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

- a) the interim condensed consolidated financial statements of Cablevisión Holding S.A. have been transcribed to the "Inventory and Balance Sheet" book and comply with the General Companies Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters that are within our competence;
- b) the interim condensed parent company only financial statements of Cablevisión Holding S.A. arise from accounting records kept in all formal respects in conformity with legal provisions;
- c) we have read the supplementary financial information, on which, as regards those matters that are within our competence, we have no observations to make;
- d) at September 30, 2017, there is no debt accrued in favor of the Argentine Integrated Social Security System according to the Company's accounting records.

City of Buenos Aires, November 10, 2017.

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Dr. Carlos A. Pace



Cablevisión Holding S.A.

Interim Condensed Parent Company Only Financial Statements

As of September 30, 2017 and for the five-month period beginning May 1, 2017
and ended September 30, 2017

Free translation from the original prepared in Spanish for publication in Argentina.

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CABLEVISIÓN HOLDING S.A.
PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIVE-MONTH PERIOD BEGINNING MAY 1, 2017 AND
ENDED SEPTEMBER 30, 2017
(In Argentine Pesos)

	Notes	<u>Five-month period ended September 30, 2017</u>	<u>July 1, 2017 through September 30, 2017</u>
Continuing Operations			
Equity in Earnings from Associates and Subsidiaries	4.5	1,240,300,501	795,510,737
Management fees		38,000,000	22,800,000
Administrative Expenses	4.1	(56,201,197)	(43,742,623)
Financial Costs	4.2	119,911,404	153,638,823
Other Financial Results, net	4.3	<u>(245,987,948)</u>	<u>(253,365,542)</u>
Financial Results		<u>(126,076,544)</u>	<u>(99,726,719)</u>
Income before Income Tax and Tax on Assets		1,096,022,760	674,841,395
Income Tax and Tax on Assets	4.4	<u>51,746,622</u>	<u>42,237,277</u>
Net income for the period		<u><u>1,147,769,382</u></u>	<u><u>717,078,672</u></u>
Other Comprehensive Income			
Items which can be reclassified to net income			
Variation in Translation Differences of Foreign Operations		<u>98,597,240</u>	<u>65,521,779</u>
Total Comprehensive Income for the Period		<u><u>1,246,366,622</u></u>	<u><u>782,600,451</u></u>

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

See our report dated
November 10, 2017
PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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

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

Carlos Alberto Pedro Di Candia
Supervisory Committee

Alejandro Alberto Urricelqui
Chairman

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

CABLEVISIÓN HOLDING S.A.
PARENT COMPANY ONLY BALANCE SHEET
AS OF SEPTEMBER 30, 2017
(In Argentine Pesos)

	Notes	<u>September 30, 2017</u>
ASSETS		
NON-CURRENT ASSETS		
Deferred Tax Assets	4.4	60,848,723
Investments in Associates and Subsidiaries	4.5	8,612,644,295
Other Receivables	4.7	<u>54,635,854</u>
Total Non-Current Assets		<u><u>8,728,128,872</u></u>
CURRENT ASSETS		
Other Assets	4.6	311,515,414
Other Receivables	4.7	68,803,659
Investments		12,451,004,750
Cash and Banks		<u>3,444,315</u>
Total Current Assets		<u><u>12,834,768,138</u></u>
Total Assets		<u><u>21,562,897,010</u></u>
EQUITY (as per the corresponding statement)		
Shareholders' Contributions		1,263,686,300
Other Items		844,433,669
Accumulated Income		<u>5,748,779,231</u>
Total Shareholders' Equity		<u><u>7,856,899,200</u></u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Bank and Financial Debt	4.8	12,743,460,955
Other Liabilities	4.5	<u>399,645,262</u>
Total Non-Current Liabilities		<u><u>13,143,106,217</u></u>
CURRENT LIABILITIES		
Taxes Payable	4.9	89,867,336
Bank and Financial Debt	4.8	425,688,317
Other Liabilities		585,000
Trade Payables and Other	4.10	<u>46,750,940</u>
Total Current Liabilities		<u><u>562,891,593</u></u>
Total Liabilities		<u><u>13,705,997,810</u></u>
Total Equity and Liabilities		<u><u>21,562,897,010</u></u>

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

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CABLEVISIÓN HOLDING S.A.
PARENT COMPANY ONLY STATEMENT OF CHANGES IN EQUITY
FOR THE FIVE-MONTH PERIOD BEGINNING MAY 1, 2017 AND
ENDED SEPTEMBER 30, 2017
(In Argentine Pesos)

	Equity attributable to Shareholders of the Parent Company									
	Shareholders' Contributions				Other Items		Accumulated Income			Total Equity of Controlling Interests
	Capital Stock	Inflation Adjustment on Capital Stock	Additional Paid-in Capital	Subtotal	Translation of Foreign Operations	Other Reserves	Legal Reserve	Optional reserves (2)	Retained Earnings	
Balances as of May 1, 2017	180,642,580	194,762,882	888,280,838	1,263,686,300	749,470,539	(3,203,262)	75,081,092	3,691,570,698	834,358,059	6,610,963,426
Exchange of Shares - Payment of fractions in Cash (see Note 10)	-	-	-	-	-	(430,848)	-	-	-	(430,848)
Net Income for the period	-	-	-	-	-	-	-	-	1,147,769,382	1,147,769,382
Other Comprehensive Income:										
Variation in Translation Differences of Foreign Operations	-	-	-	-	98,597,240	-	-	-	-	98,597,240
Balances as of September 30, 2017	(1) 180,642,580	194,762,882	888,280,838	1,263,686,300	848,067,779	(3,634,110)	75,081,092	3,691,570,698	1,982,127,441	7,856,899,200

(1) Includes 1,578 treasury shares. See Note 10.

(2) Broken down as follows: (i) Optional reserve for future dividends of Ps. 1,813,178,108; (ii) Optional reserve to ensure the liquidity of the Company and its subsidiaries of Ps. 659,951,291, (iii) Optional reserve for illiquidity of results of Ps. 436,412,739, and (iv) Optional reserve to provide financial aid to subsidiaries and in connection with the Audiovisual Communication Services Law of Ps. 782,028,560.

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CABLEVISIÓN HOLDING S.A.
PARENT ONLY STATEMENTS OF CASH FLOWS
FOR THE FIVE-MONTH PERIOD BEGINNING MAY 1, 2017 AND
ENDED SEPTEMBER 30, 2017

	<u>Five-month period ended September 30, 2017</u>
CASH PROVIDED BY OPERATING ACTIVITIES	
Net Income for the period	1,147,769,382
Income Tax and Tax on Assets	(51,746,622)
Accrued Interest, net	18,599,103
Adjustments to reconcile net income for the period to cash provided by operating activities:	
Exchange Differences and Other Financial Results	107,167,948
Equity in Earnings from Associates and Subsidiaries	(1,240,300,501)
Changes in Assets and Liabilities:	
Other Receivables	83,628,667
Trade Payables and Other	37,786,683
Taxes Payable	638,649
Other Liabilities	585,000
Net Cash Flows Provided by Operating Activities	<u>104,128,309</u>
CASH PROVIDED BY INVESTMENT ACTIVITIES	
Payment for call option	(52,620,000)
Net Cash Flows used in Investment Activities	<u>(52,620,000)</u>
CASH PROVIDED BY FINANCING ACTIVITIES	
Loans, net of application fees	12,969,480,166
Reserve set-up	(317,850,707)
Payment in cash of fractions of shares	(430,848)
Net Cash Flows provided by Financing Activities	<u>12,651,198,611</u>
FINANCING RESULTS GENERATED BY CASH	<u>(248,257,855)</u>
Net Increase in Cash Flow	12,454,449,065
Cash and Cash Equivalents as of May 1, 2017	-
Cash and Cash Equivalents at the Closing of the Period (Note 2.12)	<u>12,454,449,065</u>

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

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CABLEVISIÓN HOLDING S.A.
NOTES TO THE INTERIM CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE FIVE-MONTH PERIOD BEGINNING MAY 1, 2017
AND ENDED SEPTEMBER 30, 2017
(In Argentine Pesos)

NOTE 1 – GENERAL INFORMATION

The Company has been incorporated as a spun-off company from Grupo Clarín S.A.. At the Extraordinary Shareholders' Meeting held on September 28, 2016, the shareholders of Grupo Clarín approved a corporate reorganization that consisted in (i) the merger of Southtel S.A., Vistone S.A., Compañía Latinoamericana de Cable S.A. and CV B Holding S.A. into Grupo Clarín and (ii) the subsequent partial spin-off of Grupo Clarín to create Cablevisión Holding S.A.

The corporate reorganization was registered with the IGJ on April 27, 2017. In view of the above and taking into consideration that, under the terms of the spin-off, the effective date of the Spin-off (the "Effective Date of the Spin-off") would be the first day of the month following the date on which the latest of the following registrations has been completed: (i) the registration of the Corporate Reorganization with the IGJ, or (ii) the registration of the incorporation of Cablevisión Holding S.A. with the IGJ, the Effective Date of the Spin-off is May 1, 2017. As from that date, Cablevisión Holding S.A. began its operations, the accounting and tax effects of the Spin-off became effective, and Grupo Clarín transferred to Cablevisión Holding S.A. the operations, risks and benefits.

As a result of the spin-off, Grupo Clarín transferred to the Company mainly the direct and indirect equity interests it held in Cablevisión S.A. and in GCSA Equity, LLC. In this way, the Company became the direct and indirect holder of approximately 60% of the capital stock and votes of Cablevisión and of 100% of the capital stock of GCSA Equity. The operations of the subsidiaries of the Company include mainly the provision of cable television, Internet access, and mobile telephony services.

NOTE 2 - BASIS FOR THE PREPARATION AND PRESENTATION OF THE INTERIM CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS

2.1. Basis for the preparation

Through General Resolutions No. 562/09 and No. 576/10, the Argentine Securities Commission ("CNV", for its Spanish acronym) provided for the application of Technical Resolutions ("TR") No. 26 and No. 29 issued by the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE", for its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") for entities subject to the public offering regime governed by Law No. 26,831, whether on account of their equity or their notes, or which have requested authorization to be subject to such regime. The FACPCE issues Adoption Communications in order to implement IASB resolutions in Argentina.

Technical Resolution No. 43 "Amendment of Technical Resolution No. 26", effective for fiscal years beginning on or after January 1, 2016, sets out that parent company only financial statements shall be prepared fully in accordance with IFRS without applying any changes, i.e. complying with the full contents of those standards as issued by the IASB and with the mandatory or guiding provisions established by IASB in each document.

That Resolution provides that for its disclosure in parent company only financial statements of entities that are required to present consolidated financial statements, the investments in subsidiaries, joint ventures and associates shall be valued under the equity method as set out by IFRS.

In preparing these interim condensed parent company only financial statements for the five-month period ended September 30, 2017, the Company has followed the guidelines provided by TR 43, and, therefore, these financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". Some additional matters were included as required by the Argentine General Associations Law and/or CNV regulations, including the supplementary information provided by the last paragraph of Section 1, Chapter III, Title IV of General Resolution No. 622/13.

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That information is included in the Notes to these interim condensed parent company only financial statements, as provided by IFRS. The interim condensed parent company only financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its annual financial statements as of December 31, 2017. The accounting policies are based on IFRS issued by the International Accounting Standards Board (“IASB”) and the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), which the Company expects to be applicable as of that date.

As mentioned in Note 1, Cablevisión Holding S.A. was created as a consequence of the spin-off of Grupo Clarín S.A. Consequently, the Company’s Board of Directors has used as a general rule for the initial valuation of the assets received by the Company the valuation of those assets and liabilities as of the Effective Date of the Spin-off conducted by Grupo Clarín S.A. (“Predecessor Basis of Accounting”), which issues its financial statements under IFRS.

These interim condensed parent company only financial statements have been prepared based on historical cost except for the fair value measurement of certain non-current assets and financial instruments (including derivatives). In general, the historical cost is based on the fair value of the consideration granted in exchange for the assets.

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

The Company began operating on May 1, 2017. Therefore, these interim condensed parent company only financial statements are not presented on a comparative basis.

The attached information, approved by the Board of Directors of the Company at the meeting held on November 10, 2017, is presented in Argentine Pesos (Ps.), the Argentine legal tender, and arises from accounting records kept by the Company.

2.2. Standards and Interpretations issued but not adopted to date

The Company has not adopted the IFRS or revisions of IFRS issued detailed below, since their application is not required for the period ended September 30, 2017:

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

- IFRS 15 “Revenue from ordinary activities under contracts with customers”: issued in May 2014 and applicable to fiscal years beginning on or after January 1, 2018. This standard specifies how and when revenue will be recognized, as well as the additional information to be disclosed by the Company in the financial statements.

The standard provides a single, principles based five-step model to be applied to all contracts with customers.

- IFRS 16 “Leases”: Issued in January 2016. It establishes the principles for the recognition, measurement, presentation and disclosure of leases. Said standard applies to years beginning January 1, 2019.

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

2.3. Standards and Interpretations issued and adopted to date

As of the date of these interim condensed parent company only financial statements, no new standards have been issued that apply to the Company for this period.

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2.4. Interests in Associates and Subsidiaries

The Company records the equity interests it holds in its subsidiaries and associates using the equity method.

A subsidiary is an entity over which the Company exercises control. Control is presumed to exist when the Company has a right to variable returns from its interest in a subsidiary and has the ability to affect those returns through its power over the subsidiary. This power is presumed to exist when it is evidenced by the voting rights, be it that the Company has the majority of voting rights or potential voting rights that are currently exercisable or convertible.

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

The subsidiaries' and associates' net income and the assets and liabilities are disclosed in the financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, the investment in a subsidiary or associate is to be initially recorded at the cost incurred by the surviving company in the case of the equity interests received as part of the process that comprised the creation of the Company, or that incurred by the Company in subsequent acquisitions. As from that moment, the book value will be increased or decreased to recognize the investor's share in comprehensive income for the year obtained by the subsidiary or associate, after the acquisition date. The distributions received from the subsidiary or associate will reduce the book value of the investment.

The losses incurred by an associate in excess of the Company's interest in such company are recognized to the extent the Company has undertaken any legal or implicit obligation or has made payments on behalf of the associate.

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

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

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

2.4.1 Changes in the Company's Interests in Existing Subsidiaries

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

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

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2.5 Business Combinations

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

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

The measurement period is the effective period that begins on the acquisition date and ends on the date on which the Company obtains all the information about the facts and circumstances existing on the acquisition date, which may not extend beyond one year after the acquisition date. All other changes in the fair value of the contingent consideration classified as assets or liabilities, outside the measurement period, are recognized in the statement of income. The changes in the fair value of the contingent consideration classified as equity are not recognized.

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

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

Any excess of the acquisition cost, be it incurred by the surviving company in the case of equity interests received at the time of the creation of the Company or by the Company in subsequent acquisitions (including the interest previously held, if any, and the non-controlling interest) over the Company's share in the net fair value of the subsidiary's or associate's identifiable assets, liabilities and contingent liabilities measured at the acquisition date is recognized as goodwill. Any excess of the Company's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after its measurement at fair value, is immediately recognized in net income.

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

2.6 Goodwill

Goodwill arises from the acquisition of subsidiaries and associates and refers to the excess of the sum of the consideration transferred, the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the interest acquired in the net amount of the fair value at the date of acquisition of the identifiable assets acquired and liabilities assumed.

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

Goodwill is not amortized, but tested for impairment on an annual basis. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to render benefits from the synergies of the respective business combination. Those cash-generating units to which goodwill is allocated are tested for impairment on an annual basis, or more frequently, when there is any evidence of impairment. If the recoverable value of the cash-generating unit, i.e. the higher of the value in use or the fair value net of selling expenses, is lower than the value of the net assets allocated to that unit, including goodwill, the impairment loss is first allocated to

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reduce the goodwill allocated to the unit and then to the other assets of the unit, on a pro rata basis, based on the valuation of each asset in the unit. The impairment loss recognized against the valuation of goodwill is not reversed under any circumstance.

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

2.7 Foreign Currency and Functional Currency

The financial statements of each of the Company's subsidiaries or associates are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the Company's interim condensed parent company only balance sheet, the financial position of each entity is stated in Argentine Pesos (Argentina's legal tender for all companies domiciled in Argentina), which is the Company's functional currency.

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

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

In preparing the Company's interim condensed parent company only financial statements, in order to measure, under the equity method, the Company's interest in the entities which functional currencies is different from the Argentine Peso, the assets and liabilities of such companies are translated to Argentine pesos at the exchange rate prevailing at the end of the period, while the net income is translated at the exchange rate prevailing on the transaction date. Translation differences are recognized in other comprehensive income as "Variation in Translation Differences of Foreign Operations".

2.8 Taxes

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

2.8.1 Current and Deferred Income Tax for the year

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

2.8.2 Current Income Tax

Current tax payable is based on the taxable income recorded during the year. Taxable income and net income reported in the parent company only statement of comprehensive income differ due to revenue or expense items that are taxable or deductible in other fiscal years and items that are never taxable or deductible. The current tax liability is calculated using the tax rate in effect as of the date of these interim condensed parent company only financial statements.

2.8.3 Deferred Income Tax

Deferred tax is recognized on temporary differences between the book value of the assets and liabilities included in these financial statements and the corresponding tax basis used to determine taxable income. Deferred tax liabilities are generally recognized for all temporary fiscal differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which those deductible temporary differences can be charged. These assets and liabilities are not recognized if the

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temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

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

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

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

Deferred income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2.8.4 Tax on Assets

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

The tax on assets balance has been capitalized in the interim condensed parent company only balance sheet, net of a valuation allowance, based on the Company's current business plans.

2.9 Financial Instruments

2.9.1 Financial Assets

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

2.9.1.1 Classification of Financial Assets

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

2.9.1.2 Recognition and Measurement of Financial Assets

2.9.1.2.1 Financial Assets at Fair Value with Changes in Net Income

Financial assets at fair value with changes in net income are recorded at fair value, recognizing any gain or loss arising from the measurement in the parent company only statement of comprehensive income. The net gain or loss recognized in net income includes any gain or loss generated by the financial asset and is included under the item other financial results, net in the parent company only statement of comprehensive income. Derivatives are included in this category unless they are designated as a hedging instrument.

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

The fair value of the financial instruments traded in active markets is calculated based on the current quoted market price of these instruments.

The fair value of financial instruments that are not traded in active markets is calculated using valuation techniques.

2.9.1.2.2 Held-to-maturity Investments

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

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

In the case of balances in foreign currency, they were translated at the exchange rate effective as of the date on which the Company began operating for the settlement of these transactions. The exchange differences were charged to income for the period in which they were generated.

2.9.1.2.3 Loans and Receivables

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

Receivables are classified as current, except for those with maturities beyond 12 months as from the closing date.

In the case of balances in foreign currency, they were translated at the exchange rate effective as of the date on which the Company began operating for the settlement of these transactions. The exchange differences were charged to income for the period in which they were generated.

2.9.1.3 Impairment of Financial Assets

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

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

The Company tests for impairment financial assets disclosed under Other Receivables on a case by case basis.

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

If, in subsequent periods, the impairment loss amount decreases and such decrease can be objectively related to an event occurring after the impairment has been recognized (such as an improvement in the debtor’s credit rating), the

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previously recognized impairment loss is reversed. A loss reversal can only be recorded to the extent the financial asset's book value does not exceed the amortized cost that would have been determined if the impairment loss had not been recorded at the reversal date. The reversal amount is recognized in net income for the period.

2.9.1.4 Derecognition of Financial Assets

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

2.9.2 Financial Liabilities

Financial liabilities are valued at amortized cost using the effective interest rate method.

2.9.2.1. Bank and Financial Debt

Bank and Financial Debt is initially valued at fair value net of the transaction costs incurred, and subsequently valued at amortized cost using the effective interest rate method. Any difference between the initial value net of the transaction costs and the settlement value is recognized in the income statement over the term of the loan using the effective interest rate method. Interest expense has been charged to the parent company only statement of comprehensive income under "Financial Costs".

2.9.2.2 Trade Payables and Other

Trade payables with fixed or determinable payments not traded in an active market are classified as "Trade Payables and Other". Trade Payables and Other are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method.

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

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

2.9.2.3 Derecognition of Financial Liabilities

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

2.10. Other Receivables

2.10.1 Call Option

The call option included under the item Other Receivables has been valued at its fair value.

2.11 Other Liabilities

The other liabilities have been valued at nominal value.

2.12 Parent Company Only Statement of Cash Flows

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

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Cash and cash equivalents at period-end, as disclosed in the parent company only statement of cash flows, may be reconciled against the items related to the balance sheet as follows:

	September 30, 2017
Cash and Banks	3,444,315
Temporary investments - interest-bearing account	<u>12,451,004,750</u>
Cash and Cash Equivalents	<u>12,454,449,065</u>

In the five-month period ended September 30, 2017 all the transactions had an impact on cash and cash equivalents.

2.13 Distribution of Dividends

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

2.14 Revenue Recognition

Management fees are recognized when such services are rendered at the fair value of the consideration received or to be received.

NOTE 3 - ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

These estimates basically refer to:

Impairment of Goodwill

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

Recognition and Measurement of Deferred Tax Items

As disclosed in Note 2.8, deferred tax assets are only recognized for temporary differences to the extent that it is probable that the entity will have enough future taxable income against which the deferred tax assets can be used. Tax loss carryforwards from prior years are only recognized when it is probable that the entity will have enough future taxable income against which they can be used.

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

Measurement of the fair value of certain financial instruments

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

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instrument in an active market, the fair value is calculated based on that price.

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

NOTE 4 – BREAKDOWN OF MAIN ITEMS**4.1 - Information required under Section 64, subsection b) of Law No. 19,550**

Item	Administrative Expenses
	Five-month period ended September 30, 2017
Fees for services	53,767,739
Taxes, Duties and Contributions	1,292,024
Advertising expenses	406,160
Other expenses	735,274
Total	56,201,197

4.2 - Financial Costs

	Five-month period ended September 30, 2017
Exchange Differences	138,682,804
Interest	(18,771,400)
	119,911,404

4.3 – Other Financial Results, net

	Five-month period ended September 30, 2017
Exchange Differences	(245,850,752)
Interest	172,297
Other Taxes and Expenses	(309,493)
	(245,987,948)

4.4 – Deferred Tax Asset, Income Tax, and Tax on Assets.

The balance of the item deferred income tax is broken down as follows:

	September 30, 2017
Tax Loss Carryforwards ⁽¹⁾	50,500,218
Other	10,348,505
Net Deferred Tax Assets	60,848,723

(1) Tax loss carryforward generated during this five-month period ended September 30, 2017, which can be used until 2022.

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The following table shows the reconciliation between the income tax and tax on assets charged to net income for the five-month period beginning May 1, 2017 and ended September 30, 2017 and the income tax liability that would result from applying the current tax rate on income before income tax and tax on assets and the income tax liability assessed for the period:

	Five-month period ended September 30, 2017
Income Tax Assessed at the Current Tax Rate (35%) on Income before Income Tax	(383,607,966)
Permanent Differences:	
Gain/Loss on Investments in Subsidiaries	434,105,175
Other	3,009
Income Tax	<u>50,500,218</u>
Deferred Taxes for the Period	50,500,218
Tax on assets	<u>1,246,404</u>
Income Tax and Tax on assets	<u>51,746,622</u>

4.5 - Investments in Associates and Subsidiaries

Companies	Country	Class	Nominal Value	Number	Valuation as of September 30, 2017 ⁽¹⁾	Interest (%)
<u>Non-Current Investments:</u>						
Cablevisión	Argentina	Common	Ps. 10,000	41,207	4,382,932,881	34.34%
Cablevisión — Goodwill					853,932,158	
VLG ⁽²⁾	USA	-	-	-	3,275,275,953	50%
VLG — Goodwill					100,503,301	
PEM	Argentina	Common	Ps. 1	1	<u>2</u>	0.00000007%
Total					<u>8,612,644,295</u>	
<u>Other Non-Current Payables:</u>						
GCSA Equity ⁽³⁾	USA	-	-	-	<u>399,645,262</u>	100%
Total					<u>399,645,262</u>	

⁽¹⁾ In certain cases, the equity value does not correspond to the related shareholders' equity due to: (i) the adjustment of the equity value to the Company's accounting policies, as required by professional accounting standards, (ii) the elimination of goodwill generated by transactions between companies under the Company's common control, (iii) the existence of irrevocable contributions, and (iv) adjustments to fair market value of net assets for acquisitions made by the Company.

⁽²⁾ Company through which an indirect interest of 25.66% is held in Cablevisión.

⁽³⁾ See Note 13.c.

The information about the issuer is detailed below:

Companies	Main business activity	Date	Capital Stock	Net Income ⁽¹⁾	Equity
Cablevisión	Provision of Information and Communications Technology Services ("TIC Services") – Investments in Associates and Subsidiaries	09.30.2017	1,200,000,000	4,502,777,155	14,292,933,378
VLG	Investing and financing	09.30.2017	5,791,630,697	2,310,782,886	7,337,112,091
PEM	Investing	09.30.2017	13,558,511	19,641,273	75,139,479
GCSA Equity	Investing and financing	09.30.2017	1,504	(48,508,214)	(399,645,262)

⁽¹⁾ Information for the nine-month period.

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Equity in Earnings from Associates and Subsidiaries

	Five-month period ended September 30, 2017
Cablevisión	739,974,215
VLG	553,198,090
GCSA Equity	(52,871,804)
	<u>1,240,300,501</u>

4.6 – Other Assets

	September 30, 2017
Current	
Reserve account (Note 4.8)	311,515,414
Total	<u>311,515,414</u>

4.7 – Other Receivables

	September 30, 2017
Non-Current	
Tax on assets	54,635,854
Total	<u>54,635,854</u>
Current	
Related Parties (Note 5)	9,196,000
Tax Credits	6,987,659
Call option (Note 6.d)	52,620,000
Total	<u>68,803,659</u>

4.8 – Bank and Financial Debt

The following is a breakdown of the Company's loans and indebtedness:

	September 30, 2017
Non-Current	
Bank Loans - principal	12,982,500,000
Financial debt measured at present value	(239,039,045)
Total	<u>12,743,460,955</u>
	September 30, 2017
Current	
Related Parties (Note 5)	421,588,476
Bank Loans - Interest	4,099,841
Total	<u>425,688,317</u>

As of September 30, 2017, the Company holds a loan with a related company for USD 23 million, due in June 2021. That loan accrues interest at an annual rate of 7.53% and interest is due together with principal at maturity in June 2021.

On September 28, 2017, the Company informed its related company that it intended to make a full early repayment of the above-mentioned loan. On October 2, 2017, the Company repaid the loan in full.

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On September 24, 2017, Cablevisión Holding submitted to CITIBANK, N.A., GOLDMAN SACHS BANK USA, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, DUBAI (DIFC) BRANCH, ITAÚ UNIBANCO S.A., NASSAU BRANCH (the "Lenders"), CITIBANK, N.A. and the branch of Citibank N.A. established in Argentina (the "Arrangers, Collateral Agents") and CITIBANK, N.A. (the "Administrative Agent") a Loan Offer for an aggregate principal amount of Seven Hundred Fifty Million United States Dollars (USD 750,000,000). On September 25, 2017, Cablevisión Holding received communications from each of the Lenders, the Arrangers, the Collateral Agents and the Administrative Agent stating that they had accepted the Loan Offer.

The loan will accrue compensatory interest on the outstanding balances and until its effective cancellation, at a rate equal to LIBOR plus an applicable margin; of: (a) 3.5% per annum during the first six months as from the date of the first disbursement; or (b) 4% per annum during the period that begins on the day immediately following the sixth month after the date of the first disbursement and ends 12 months after such date; or (c) 4.5% per annum during the period that begins on the day immediately following the first anniversary of the first disbursement date and ends on the Maturity Date. Interest under the loan shall be paid in arrears on the last business day of each interest period: The maturity date shall be the earlier of 18 months counted as from the date of disbursement or the date on which the loan becomes due and payable pursuant to acceleration events provided under the loan offer, whichever occurs first. That loan provides for covenants and negative covenants and representations, guarantees and obligations to be performed by the Company, which are usual for this type of financing.

Of the loan amount, USD 18.1 million were allocated to a reserve account, under the terms of the agreement, included under the item "Other Assets" as of September 30, 2017. Cablevisión Holding shall maintain in that account, as of any given calculation date, an amount of cash that may not be lower than the aggregate amount of interest payable under the loans during the following six-month period.

The funds from the loan will be used, among other things, for the prepayment of the Exercise Price under the Option Agreement mentioned in Note 6.d) to these interim condensed parent company only financial statements.

In addition, for as long as the Loan is outstanding, the Company undertakes to create and maintain guarantees for an amount equivalent to 2.5 times the amount of the Loan. On September 27, 2017, the Company created a first priority pledge on 30,123 Class "A" book-entry common shares of nominal value Ps. 10,000 each and entitled to one vote per share, held by the Company in Cablevisión S.A., in favor of the Collateral Agent, acting for the benefit of Citibank, N.A. Goldman Sachs Bank USA, Industrial and Commercial Bank of China Limited Dubai (DIFC) Branch, Itaú Unibanco S.A., Nassau Branch as Lenders, Citibank, N.A. as Offshore Collateral Agent and the branch of Citibank N.A. established in Argentina as Onshore Collateral Agent, under the Loan agreement.

Among the main financial obligations undertaken under the loan is the obligation to apply (i) the net proceeds from any sale of material assets, (ii) the dividends received from its subsidiaries -after deducting any amount necessary to pay taxes and up to USD 10 million for current expenses-, (iii) the net proceeds from any public offering and (iv) the net proceeds from any debt issue; to the prepayment of the obligations under the loan. The Company undertakes to maintain certain consolidated debt ratios of Cablevisión Holding and Cablevisión and to guarantee a minimum payment of dividends from its subsidiary Cablevisión.

During the period covered by these interim condensed consolidated financial statements, Cablevisión complied with such covenants.

The following table details the changes in loans and indebtedness in the five-month period ended September 30, 2017:

	<u>2017</u>
Balance as of May 1	364,039,967
New Loans and Indebtedness	12,925,020,729
Accrued Interest	18,771,380
Exchange Differences	<u>(138,682,804)</u>
Balances as of September 30	<u>13,169,149,272</u>

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4.9 - Taxes Payable

	<u>September 30, 2017</u>
Current	
National Taxes	89,867,336
Total	<u>89,867,336</u>

4.10 - Trade Payables and Other

	<u>September 30, 2017</u>
Current	
Suppliers and Trade Provisions	41,343,909
Related Parties (Note 5)	5,407,031
Total	<u>46,750,940</u>

4.11 - Assets and Liabilities in Foreign Currency

Items	<u>As of September 30, 2017</u>		
	<u>Amount in Foreign Currency (1)</u>	<u>Prevailing Exchange Rate (2)</u>	<u>Amount In local Currency</u>
			<u>Ps.</u>
ASSETS			
CURRENT ASSETS			
Other Assets	18,100,838	17.21	311,515,414
Investments	723,475,000	17.21	12,451,004,750
Cash and Banks	44,793	17.21	773,986
Total Current Assets	<u>741,620,631</u>		<u>12,763,294,150</u>
Total Assets	<u>741,620,631</u>		<u>12,763,294,150</u>

Items	<u>As of September 30, 2017</u>		
	<u>Amount in Foreign Currency (1)</u>	<u>Prevailing Exchange Rate (2)</u>	<u>Amount In local Currency</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank and Financial Debt	736,190,696	17.31	12,743,460,955
Total Non-Current Liabilities	<u>736,190,696</u>		<u>12,743,460,955</u>
CURRENT LIABILITIES			
Bank and Financial Debt	24,592,046	17.31	425,688,317
Accounts Payable	2,356,027	17.31	40,782,819
Total Current Liabilities	<u>26,948,073</u>		<u>466,471,136</u>
Total Liabilities	<u>763,138,769</u>		<u>13,209,932,091</u>

⁽¹⁾ US Dollars.⁽²⁾ Bid/offered exchange rates, as appropriate.See our report dated
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4.12 – Maturities of Receivables and Liabilities

The following table shows the classification of receivables and liabilities as of September 30, 2017 in the following categories:

	Investments (1)	Other Assets (2)	Receivables	Other Liabilities (3)	Bank and Financial Debt (4)
In Ps.					
Without any established term	12,451,004,750	-	9,196,000	5,407,031	-
Due					
Within three months	-	155,757,707	6,987,659	76,575,391	425,688,317
More than three months and up to six months	-	155,757,707	52,620,000	-	-
More than six months and up to nine months	-	-	-	55,220,854	-
Between one and two years	-	-	54,635,854	-	12,743,460,955
Total with upcoming maturity	-	311,515,414	114,243,513	131,796,245	13,169,149,272
Total	12,451,004,750	311,515,414	123,439,513	137,203,276	13,169,149,272

⁽¹⁾ It includes USD 723.5 million which accrues interest at a variable rate.

⁽²⁾ Includes USD 18.1 million which does not accrue any interest.

⁽³⁾ Does not accrue any interest.

⁽⁴⁾ Includes USD 750 million which accrues interest at a variable rate, and USD 23 million which accrue interest at a fixed rate.

4.13 Changes in Allowances

Items	Balances as of May 1, 2017	Increases	Decreases	Balances as of September 30, 2017
Deducted from Assets				
Valuation Allowance for Tax on Assets	1,246,405	-	(1,246,405) ⁽¹⁾	-
Total	1,246,405	-	(1,246,405)	-

⁽¹⁾ Charged to Income Tax and Tax on Assets

NOTE 5 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following table shows the breakdown of the Company's balances with its related parties as of September 30, 2017.

Company	Item	September 30,
Subsidiaries		
Cablevisión	Other Receivables	9,196,000
	Trade Payables and Other	(4,909,031)
	Bank and Financial Debt	(421,588,476)
Other Related Parties		
Grupo Clarín	Trade Payables and Other	(498,000)

The following table details the transactions carried out by the Company with related parties for the five-month period ended September 30, 2017:

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<u>Company</u>	<u>Item</u>	Five-month period ended September 30, 2017
<u>Subsidiaries</u>		
Cablevisión	Management fees	38,000,000
	Interest Expense	(12,183,638)
<u>Other Related Parties</u>		
Grupo Clarín	Fees for services	(17,848,503)

NOTE 6 – ACQUISITION OF COMPANIES AND CORPORATE REORGANIZATION PROCESSES

- a) On March 31, 2017, Cablevisión’s Board of Directors approved the Pre-Merger Commitment executed among Cablevisión, Nextel, Greenmax Telecommunications S.A.U., WX Telecommunications S.A.U., Gridley Investments S.A., Trixco S.A., Fibercomm S.A., Netizen S.A., Eritown Corporation Argentina S.A., Skyonline de Argentina S.A., Infotel Argentina S.A., Nextwave Argentina S.A. and Callbi S.A., whereby, as of the merger date –first day of the month following the registration with the IGJ (“Effective Date of the Merger”), Cablevisión, in its capacity as absorbing company, will continue with the operations of Nextel, Greenmax Telecommunications S.A.U., WX Telecommunications S.A.U., Gridley Investments S.A., Trixco S.A., Fibercomm S.A., Netizen S.A., Eritown Corporation Argentina S.A., Skyonline de Argentina S.A., Infotel Argentina S.A., Nextwave Argentina S.A. and Callbi S.A. (the “Absorbed Companies”) thus generating the corresponding operating, accounting and tax effects. As a result of the above-mentioned corporate reorganization process, the Absorbed Companies will be dissolved without liquidation and Cablevisión will assume all the activities, receivables, property and all the rights and obligations of the above-mentioned companies, existing as of the first day of October 2017 (“Effective Date of the Merger”), or any that may exist or arise due to previous or subsequent acts or activities. That merger was approved by the shareholders of Cablevisión at the Extraordinary Shareholders’ Meeting held on May 17, 2017. On July 11, 2017, the merger agreement was formalized through a deed, which is pending administrative approval from the CNV as of the date of these financial statements.

On September 18, 2017, the ENACOM authorized, under Resolution No. 2017-1734 APN ENACOM# MM, the transfer of the registrations, numbering and sign-posting resources, authorizations and frequency use permits granted to Nextel, Trixco S.A., Callbi S.A., Infotel Argentina S.A., Skyonline de Argentina S.A., Netizen S.A. and Eritown Corporation Argentina S.A. in favor of Cablevisión.

- b) On August 16, 2016, the Board of Directors of Cablevisión approved the Pre-Merger Commitment executed between Cablevisión, Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Primera Red Interactiva de Medios Argentinos (PRIMA) S.A. (“Prima”), Cable Video Sur S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A., whereby, on the effective date of the merger -October 1, 2016- (“Effective Date of the Merger”), Cablevisión, as absorbing company, continued with the operations of Copetonas Video Cable S.A., Dorrego Televisión S.A., Fintelco S.A., Indio Rico Cable Color S.A., Prima, Cable Video Sur S.A., Wolves Televisión S.A. and Tres Arroyos Televisora Color S.A. (the “Absorbed Companies”), thus generating the corresponding operating, accounting and tax effects. As a result of the above-mentioned corporate reorganization process, the Absorbed Companies were dissolved without liquidation. That merger was approved by the shareholders of Cablevisión at the Extraordinary Shareholders’ Meeting held on September 27, 2016, and on April 20, 2017 it was registered with the Public Registry of Commerce.

In view of the above, Cablevisión made a filing with the ENACOM in order to inform that Agency of the corporate reorganization to be implemented, so that it would consequently register under the name of the absorbing company, the “Area Authorizations” required to exploit Cable Television Services corresponding to Copetonas Video Cable S.A., Dorrego Televisión S.A., Indio Rico Cable Color S.A., Cable Video Sur S.A., and Tres Arroyos Televisora Color S.A. The license for Wolves Televisión S.A. was abandoned because

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Cablevisión already has an Area Authorization in the jurisdiction where Wolves Televisión S.A. exploited the cable television service. In addition, Prima and Cablevisión made a filing with the ENACOM in order to request that Agency to register the license that had been granted to Prima in favor of Cablevisión as a consequence of the corporate reorganization process.

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

On August 25, 2017, the ENACOM authorized, under Resolution No. 2017-339 APN ENACOM# MM, the transfer of the registration of national and international long-distance telephony services, as well as the numbering and sign-posting resources, radioelectric frequencies and authorizations granted to Prima in favor of Cablevisión..

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

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

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

- d) On June 30, 2017, the Boards of Directors of Telecom Argentina S.A. and Cablevisión S.A. approved a pre-merger commitment whereby Telecom Argentina S.A., a company incorporated and existing under the laws of Argentina, the shares of which are currently listed in the stock markets of New York and Buenos Aires (NYSE: TEO, BCBA: TECO2), in its capacity as absorbing company, will absorb Cablevisión, which will be dissolved without liquidation, pursuant to the provisions of Sections 82 and 83 of the General Associations Law No. 19,550 and subject to corporate and regulatory approvals (the "Merger").

The purpose of the Merger is for the merged company to offer in an efficient manner, in line with the national and international trend, technological convergence products for media and telecommunications in the different modalities, either separately or independently, of voice, data, sound and video transmission services, both wired and wireless, as an all-in-one solution or as a series of products to be provided to users as a whole for the benefit of the users and consumers of those multiple individual services. Both companies believe that their respective operating and technical structures are highly complementary and may be optimized through a structural consolidation, achieving synergies and efficiencies in the development of convergence products along with the demand of the market.

The effective date of the Merger (the "Effective Date of the Merger") was established as from 0.00 hours of the day on which the Chairmans of the Boards of Directors of Telecom Argentina S.A. and Cablevisión sign the minutes regarding the transfer of operations which shall state: (i) that Telecom Argentina S.A. has adjusted its technical-operative systems to undertake the operations and activities of Cablevisión; and (ii) that the transfer of the operations and activities of Cablevisión to Telecom Argentina S.A. will take effect on that Effective Date of the Merger provided that every and each of the following conditions the Merger is subject to has been met: 1) that the pre-merger commitment has been executed; and 2) that the ENACOM has authorized the operation.

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As from the Effective Date of the Merger, (i) all the assets and liabilities, including the assets subject to registration, the licenses, the rights and obligations that belong to Cablevisión will be deemed to have been incorporated to the equity of Telecom Argentina S.A., (ii) Telecom Argentina S.A. will continue with the operations of Cablevisión, thus generating the corresponding operating, accounting and tax effects, (iii) the management and representation of Cablevisión will be undertaken by the management and representatives of Telecom Argentina S.A.

For the purposes of Section 83 subsection c) of the Argentine General Associations Law No. 19,550, the parties have established the following exchange ratio: 1 common share of Cablevisión (either a Class A Share of Cablevisión or a Class B Share of Cablevisión) for each 9,871.07005 new shares of Telecom Argentina S.A. (the "Exchange Ratio"). This Exchange Ratio was deemed reasonable, from a financial standpoint, by the independent professional appraiser Lion Tree Advisors LLC.

In view of the above, Telecom Argentina S.A. will increase its capital stock in the amount of Ps. 1,184,528,406, through the issuance of 1,184,528,406 common book-entry shares, with nominal value of ARS 1 each and entitled to one vote per share. The shareholders of Cablevisión will receive these new shares in exchange for the shares they held of that company, in the form of Class "A" or "D" Shares of Telecom Argentina S.A., as appropriate, according to the Exchange Ratio, or the number of new shares resulting from the adjustments to the Exchange Ratio arising from the pre-merger commitment.

On June 30, 2017, the Boards of Directors of Telecom Argentina S.A. and Cablevisión, respectively, decided to call an Ordinary and/or Extraordinary Shareholders' Meeting to be held on August 31, 2017 to consider the pre-merger commitment and, with regard to Cablevisión, its consequent dissolution and with regard to Telecom Argentina S.A., the amendment of the Bylaws and the increase of its capital stock.

On October 31, 2017, both companies executed the final merger agreement, which was filed with the CNV to request its administrative approval.

In connection with the above-mentioned transaction, on July 7, 2017, the Company, VLG Argentina LLC, Fintech Media LLC, Fintech Advisory Inc., GC Dominio S.A. and Fintech Telecom LLC executed a shareholder agreement that will govern the exercise of the rights of the shareholders of Telecom Argentina S.A. (the "Agreement") once the merger process between Telecom Argentina S.A. and Cablevisión S.A. has concluded and become effective. Under that Agreement, the parties have provided:

- The representation of the corporate bodies establishing that, subject to the fulfillment of certain conditions established therein and provided Cablevisión Holding S.A. complies with certain minimum holding requirements in the Merger Company, it may appoint the majority of the members of the Board of Directors, the Executive Committee, the Audit Committee and the Supervisory Committee.
- A scheme of special majority requirements for the approval by the Board of Directors and/or the Shareholders' Meeting, as appropriate, of certain issues, such as: i) the Business Plan and the Annual Budget of the Merged Company, ii) the amendment of the bylaws, iii) the change of external auditors, iv) the creation of committees of the Board of Directors, v) the hiring of Key Employees as defined under the Agreement, vi) the merger or consolidation of Telecom or any Controlled Company, vii) acquisition of certain assets, viii) sales of certain assets, ix) increases of capital stock, x) borrowing above certain limits, xi) capital investments in infrastructure, plant and equipment above certain amounts, xii) transactions with related parties, xiii) contracts that impose restrictions on the distribution of dividends, xiv) new business lines or the discontinuation of existing ones, xv) actions to be taken in insolvency situations, among others.

Pursuant to the Agreement, (a) Fintech Telecom LLC and Cablevisión Holding (i) will each contribute certain shares of Telecom to a voting trust (the "Voting Trust") which, once the shares in Telecom held by Cablevisión Holding are incorporated, will exceed fifty percent (50%) of the outstanding post-Merger shares, and (ii) will each appoint a co-trustee who will vote the shares under the terms of the voting trust to be executed by certain parties of the Agreement. The post-Merger shares under the Voting Trust shall be voted as per the instructions of the co-trustee appointed by Cablevisión Holding, except in the case of certain issues subject to veto, in which case the co-trustee of Fintech Telecom LLC will determine the vote with respect to the post-Merger shares under the Voting Trust. (b) Subject to the fulfillment by Cablevisión Holding and Fintech Telecom LLC of certain post-Merger share ownership thresholds, Cablevisión Holding will be entitled to appoint the general

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manager and other key employees of Telecom Argentina S.A. and Fintech Telecom LLC will be entitled to appoint the chief financial officer and the internal auditor.

On July 7, 2017, Cablevisión Holding S.A. accepted an offer for a call option granted by Fintech Advisory Inc. and its subsidiaries Fintech Telecom LLC and Fintech Media LLC for the acquisition of an equity interest of 13.51% in Telecom (which will represent approximately 6% of Telecom's capital stock once the merger process becomes effective) for USD 634,275,282 (the "Option"). The maximum term to exercise the Option is one year as from July 7 of this year. Cablevisión Holding had to pay to Fintech Advisory Inc., within a term of thirty days as from July 7, 2017, an option premium of USD 3,000,000, which was settled on July 2017.

On October 5, 2017, the Company made a prepayment of the aggregate Exercise Price under the Irrevocable Call Option mentioned above for USD 634,275,282.

NOTE 7 – REGULATORY FRAMEWORK

7.1. Audiovisual Communication Services Law

Cablevisión is the holder of licenses for the exploitation of subscription television services that were originally granted under Law No. 22,285. The COMFER was the enforcement authority established by that law. Under Law No. 22,285 subscription television companies in Argentina required a non-exclusive license from the COMFER in order to operate. Other approvals were also required, including, for some services, authorization by municipal agencies.

The Audiovisual Communication Services Law (Law No. 26,522) was passed and enacted on October 10, 2009, with strong criticism about its content and enactment procedure. Even though the new Law became effective on October 19, 2009, not all of the implementing regulations provided by the law were issued. That vacuum resulted in the continued application of Law No. 22,285 with respect to the matters that had not been regulated.

Law No. 26,522 provided for the replacement of the COMFER by the Audiovisual Communication Services Law Federal Enforcement Authority (AFSCA, for its Spanish acronym) as a decentralized and autarchic agency under the jurisdiction of the Executive Branch, and vests the new agency with authority to enforce the law.

Through Emergency Decree No. 267/15 (the "Emergency Decree") issued on December 29, 2015, the Executive Branch created the ENACOM as a decentralized and autarchic agency under the jurisdiction of the Ministry of Communications. Among other powers, the ENACOM has all the same powers and competences that Law No. 26,522 had vested in AFSCA (See Note 7.3).

7.2. Telecommunication Services

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

Law No. 27,078 maintained the single country-wide license scheme and the individual registration of the services to be rendered, but replaced the name telecommunication services with Information and Communications Technology Services ("TIC Services", for their Spanish acronym). Notwithstanding this, the scope of the licenses originally granted to Cablevisión, its merged companies and/or subsidiaries and related companies that exploited telecommunication licenses and their respective registrations of services, remained unaltered.

The license was named "Licencia Única Argentina Digital" and allows licensees to render any telecommunication services to the public, be they fixed or mobile, wired or wireless, national or international, with or without the licensee's own infrastructure.

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

Law No. 27,078 created a new enforcement and oversight Authority as a decentralized agency under the jurisdiction of the Executive Branch, the AFTIC.

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

The Argentine Secretariat of Communications has yet to decide on the approval of the Project submitted by Cablevisión on June 21, 2011, within the framework of SECOM Resolution No. 9/2011 which created the program “Infrastructure and Equipment”, whereby telecommunication service providers were allowed to submit projects aimed at developing new infrastructure, updating existing infrastructure and/or acquiring equipment for areas without coverage or with unmet needs, in order to meet the obligation to make contributions to the Universal Service Trust Fund for the amounts accrued as from January 2001 until the entry into force of Decree No. 558/08.

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

The foregoing applied to any provider that had its own infrastructure or networks, because the term “Associated facilities” is defined as physical infrastructures, systems, devices, associated services or other facilities or elements associated with a telecommunications network or with TIC Services that enable or support the provision of services using that network or service, or that have the potential to do so; and will include, inter alia, buildings or building entrances, building wiring, antennas, towers and other supporting constructions, ducts, masts, manholes, and cabinets (See Note 7.3.).

As of the date of these interim condensed parent company only financial statements, Law No. 27,078 has been partially regulated.

7.3. Emergency Decree No. 267/15. Convergence

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

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

Under the new regulatory framework, the licenses for physical link and for radio-electric link subscription television services held by Cablevisión and its subsidiaries that had been granted under Laws Nos. 22,285 and 26,522 are now

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called “Registrations” for the exploitation of physical link and radio-electric link subscription television services of a Licencia Única Argentina Digital.

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

Insofar as the Company and Cablevisión and its subsidiaries are concerned, Decree No. 267/15 eliminates:

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

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

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

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

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

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

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Cablevisión followed the procedure established under ENACOM Resolution No. 427/16 in order to report, using the online application provided by the ENACOM to such end, the territorial location of its services, indicating the original coverage area, the supplementary territorial units and/or area extensions in which it currently renders services.

Through Resolution No. 1,663/2017, the ENACOM registered under the name of Cablevisión all the area authorizations (formerly, under Law No. 22,285, broadcasting licenses) originally granted to Cablevisión and/or the companies merged into it to render physical and/or radio-electric link subscription television services and the radioelectric frequencies allocated to the latter.

In addition, and pursuant to ENACOM Resolution No. 1.394/16, which approves the General Rules for Physical Link Subscription Television Services and/or Radio-Electric Link Subscription Television Services, in those cases in which Cablevisión and/or any of its Subsidiaries purchased bidding forms to apply for a new license when the term had expired or to apply for an area extension, the applicants amended their filings and converted them into a request an authorization of coverage area. Since then, several area authorizations have been registered under the name of Cablevisión.

The new General Rules also order providers of both types of services to guarantee their compliance with a programming grid in each Coverage Area. Cablevisión states that it complies with all the obligations set out under that Resolution.

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

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

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

- Provides for the protection for fifteen years of last mile fixed NGN for broadband Internet services that may be deployed by the licensees of TIC services with respect to the rules for open access to broadband services.
- Orders the issuance of regulations for the following purposes:
 - To call for a Public Bid for the allocation of new frequency bands for mobile services.
 - To ensure the re-allocation of radio-electric spectrum frequencies with economic compensation and shared use to frequencies previously allocated to other services, and to allocate such frequencies to providers of TIC Services that request to reuse them to render mobile services or fixed wireless services with LTE or higher technologies.
 - To allocate radio electric spectrum frequencies on demand, imposing compensation, deployment and coverage obligations on the current local or regional providers of TIC services and on the current providers of mobile communication services.
- Sets forth that the persons restricted under Decree No. 267/15 from rendering physical or radio-electric link subscription television services may request the corresponding registration and begin to provide those services in certain areas as from January 1st, 2018.

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- Recognizes that the holders of satellite link subscription television service licenses that as of December 29, 2015 rendered TIC services may maintain the ownership of both services.
- Orders the Ministry of Communications to guarantee the interconnection principles provided under the applicable legislation in order to ensure the impartiality, non-discrimination and fair competition among providers of mobile services, restricting the possibility of delaying or hindering the technical, interconnection, operational or any other conditions that may create barriers for other providers to enter the market.

7.4. Matters related to the regulatory situation of Cablevisión and its subsidiaries

7.4.1. Fibertel License

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

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

7.4.2. Cablevisión's Shareholder Structure

Cablevisión has requested the ENACOM to acknowledge the change in its shareholder structure as a result of the corporate reorganization carried out by Grupo Clarín. In the understanding that the above-mentioned change has not implied a change of control, it does not require that agency's authorization.

7.4.3. NEXTEL

7.4.3.1 Regulatory Approval of the Acquisition of Nextel

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

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

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

On January 29, 2016, Cablevisión and Nextel made a filing before the ENACOM as established under Section 8 of Decree No. 267/15 which amends Section 13 of Law No. 27,078 in order to request authorization for the change of control in full compliance with the new legal framework.

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

On March 7, 2016, the ENACOM issued Resolution No. 280/2016, whereby it authorized the change of control of NEXTEL in favor of Cablevisión.

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On April 12, 2017, the CNDC notified Cablevisión of Resolution No. 293/2017 dated April 10, 2017, whereby the CNDC authorized the economic concentration operation consisting of the acquisition by Cablevisión and Televisión Dirigida of 100% of the shares of Nextel, which were owned by NII Mercosur Telecom SLU and NII Mercosur Móviles S.L.U.

7.4.3.2 Status of the frequencies allocated to Nextel

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

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

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

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

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

7.4.3.3 Other requests for authorization filed with the ENACOM

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

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

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

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

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

- The beginning of a Refarming process with Economic Compensation as provided under Resolution No. 171/2017.
- The authorization of the agreements executed by NEXTEL with the licensees acquired by Cablevisión to operate the services registered by NEXTEL with the portion of the spectrum allocated to those licensees to render their respective services;

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- The approval of the registration requested by NEXTEL of the Advanced Mobile Telecommunications Service; and,
- The authorization of the change that would allow that company:
 - To change the allocation and channeling on a primary basis of the 905-915 MHz and 950-960 MHz bands to render advanced mobile communication services at national level with primary status; and,
 - To enhance the allocation of the frequency bands and change the channeling of the 2500 MHz band to the 2690 MHz band to render advanced mobile communication services at national level with primary status.

By means of Resolution ENACOM No. 1,033/2017, the ENACOM provided for the use of the frequency bands between 905 and 915 MHz and between 950 and 960 MHz for the rendering of the ADVANCED MOBILE COMMUNICATIONS SERVICE (“SCMA”), and by means of Resolution ENACOM No. 1,034/2017, the ENACOM provided for the use of the frequency band between 2500 and 2690 MHz for the provision of SCMA, in addition to the current services when their coexistence is possible.

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

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

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

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

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

On April 12, 2017, Nextel and the ENACOM executed the agreement referred to in the previous paragraph. On April 28, 2017, pursuant the Agreement executed with the ENACOM, Nextel transferred to that agency the “economic compensation” of Ps. 478,240,214, established by the ENACOM on April 26, 2017.

In another agreement also executed on April 12, 2017, NEXTEL accepted and expressly consented to the authorization granted to the Chairman of the ENACOM to decide on, within a term of 2 years as from the date of the agreement, the replacement with economic compensation -to be paid by NEXTEL- of certain channels of the 2500-2690 MHz frequency bands for frequencies in other bands, as established under Article 7 of ENACOM Resolution No. 1,034/2017.

Also, on May 5, 2017, Nextel posted the performance bond provided under the agreement in order to guarantee: (i) compliance with the coverage obligations in the localities ordered by ENACOM; and (ii) the return of compromised radio spectrum.

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Through Resolution No. 3,909-E/2017 published on May 24, 2017, the ENACOM decided to record the agreements described in the previous paragraph.

On May 22, 2017, Cablevisión made a filing with the ENACOM in order to request the incorporation of the *Licencia Única Argentina Digital* held by Cablevisión to the records, resources, allocations, permits and authorizations held by Nextel, as well as those held by Trixco S.A., Callbi S.A., Infotel S.A., Skyonline de Argentina S.A., Netizen S.A., and Eritown Corporation Argentina S.A. as a result of the corporate reorganization process to be implemented whereby Cablevisión will absorb under a merger by acquisition process the above-mentioned licensees among which is Nextel, which will be dissolved without liquidation. (See Note 6.a)).

7.4.4. Programming Grid

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

In spite of Cablevisión's efforts to organize its programming grids in accordance with the provisions of section 65 of Law No. 26,522, AFSCA initiated multiple summary proceedings in connection with the cable television licenses of which Cablevisión is the lawful successor. AFSCA contended that Cablevisión had failed to comply with the regulations set forth by AFSCA Resolution No. 296/2010. Cablevisión submitted the responses set forth under section 1, Exhibit II of AFSCA Resolution No. 224/2010 in connection with such accusations. A decision has been rendered on some of the summary proceedings and, as a result, a fine was imposed on Cablevisión, while other proceedings are pending resolution. Cablevisión has appealed these decisions. Some of the appeals filed by Cablevisión have been decided against it and were appealed.

Insofar as Cablevisión is concerned, as of the date of these financial statements, an injunction issued in re "CABLEVISIÓN S.A. v. NATIONAL GOVERNMENT AND OTHERS ON COMPLAINT FOR THE PROTECTION OF CONSTITUTIONAL RIGHTS" by the Federal Court of Appeals of the City of Mar del Plata, whereby that Court revoked the decision rendered in the First Instance, remains in full force and effect. The decision rendered in the First Instance had ordered the dismissal of Cablevisión's request. The Court of Appeals ordered AFSCA to suspend – until a final decision was rendered on the matter – the application of the penalties derived from the alleged non-compliance with section 65 of Law No. 26,522 and Decree No. 1,225/2010. Therefore, it also suspended the application of section 6 of AFSCA Resolution No. 296/2010 on the grounds that Cablevisión's alleged serious non-compliance was not contemplated in the Law or in the Decree. The National Government filed an appeal with the Supreme Court against this decision. Such appeal was dismissed. Consequently, AFSCA filed a direct appeal with the Supreme Court, which is still pending resolution.

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

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

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

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

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

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

Upon the enactment of Decree No. 267/2015, whereby the physical link or radio-electric link subscription television services no longer fall within the scope of Law No. 26,522, the claim that had been brought by AFSCA against Cablevisión has become moot.

7.5. Requests for authorization filed with the ENACOM relating to the merger of Telecom Argentina S.A. and Cablevisión S.A.

As a consequence of the corporate reorganization process described under Note 6.d), on September 6, 2017, Cablevisión and Telecom Argentina S.A. made a filing with the ENACOM requesting the authorization of:

- (i) The transfer and incorporation to the *Licencia Única Argentina Digital* held by Telecom of the registrations, resources, allocations and permits held by Cablevisión.
- (ii) The transfer in favor of Telecom of the authorizations for use and the resources allocated to provide the services registered under the name of Cablevisión and/or the companies merged into the latter.
- (iii) The change of corporate control that will occur in Telecom Argentina S.A. once the above-mentioned authorization from the ENACOM has been obtained, the Merger becomes effective and the shareholders agreement dated July 7, 2017 enters into effect, which will result in Cablevisión Holding S.A. becoming the controlling company of Telecom Argentina S.A. as surviving company of Cablevisión.

7.6. Audiovisual Communications Law of the Republic of Uruguay

Law No. 19,307 was published in the Official Gazette of the Republic of Uruguay on January 14, 2015. This Law governs radio, television, and other audiovisual communication services (hereinafter, the “Audiovisual Communications Law”). Section 202 of such law provides that the Executive Branch shall issue its implementing regulations within a 120-day term, counted as from the day following publication of the Audiovisual Communications Law in the Official Gazette. As of the date of these interim condensed parent company only financial statements, only Decree No. 45/015 has been issued, but the implementing regulations for most of the sections of this law are still pending. Such Decree provides that the concession for the use and allocation of the radio-electric spectrum for non-satellite audiovisual communication services shall be granted for a term of 15 years.

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

The subsidiary Adesol S.A. is analyzing the possible impact on its business that could be derived from the change in the regulatory framework and the eventual legal actions it may bring to safeguard its rights and those of its

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

NOTE 8 – PROVISIONS AND OTHER CHARGES

8.1. Judicial, administrative and other proceedings

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

b) The CNDC initiated three legal actions following complaints filed by other cable television companies under Law No. 25,156 alleging an improper refusal by Dayco Holdings Ltd. (“Dayco”), a subsidiary of Fintelco group, to sell rights to broadcast South American qualifying football matches for the Korea/Japan 2002 World Cup. On February 14, 2003, the CNDC served Cablevisión notice of the complaint in one of those legal actions to provide explanations.

Subsequently, the Technical Coordination Secretary of the Ministry of Economy and Production decided that the proceedings related to one of the actions above should be closed. Although Dayco timely submitted the answers required and Cablevisión did the same on March 10, 2003, the CNDC has not made any material decision.

On July 16, 2010, the SCI served notice to Cablevisión and Multicanal of Resolution No. 219/2010 whereby the Secretariat of Domestic Trade found that both companies had engaged in market sharing practices in connection with the paid-television service in the City of Santa Fe and imposed a fine of Ps. 2,500,000 on each of them. On July 26, 2010, both companies 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 June 4, 2012, the Federal Court of Appeals of Rosario partially confirmed SCI Resolution No. 219/2010, whereby the Secretariat of Domestic Trade found that Cablevisión and Multicanal had engaged in market sharing practices in connection with the paid-television service in the City of Santa Fe and reduced the fine imposed on each of the companies involved from Ps. 2.5 million to Ps. 2 million. However, this decision is not yet final, because Cablevisión and Multicanal and the Ministry of Economy filed appeals, which are still pending before that Court of Appeals. On October 21, 2014, the Argentine Supreme Court dismissed the appeals; therefore, Resolution No. 219/2010 became final. The case is currently pending with the Court of Appeals of Rosario, which shall order its referral to the SCI. The SCI, in turn, shall serve notice to the companies involved in order for them to pay the fine.

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

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

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The ongoing investigations of the CNDC and SCI may lead to the imposition of fines pursuant to Law No. 25,156, which would be appealable. The eventual fines would be graduated based on: (i) the loss incurred by the people affected by the allegedly prohibited activity; (ii) the benefit obtained by all the people involved in the prohibited activity and (iii) the value of the assets involved owned by the people indicated in item (ii) above at the time the alleged violation was committed. To date, there is not any standard criterion on the application of the above-mentioned parameters.

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.

c) In 2003, ELP Investments filed a criminal complaint in Argentina against certain individuals related to the Hicks Muse Tate & Furst Group (“HMTF”), including some who were Directors of Cablevisión. That criminal complaint, which was filed by a person that is not a shareholder or creditor of Cablevisión, challenged certain operations undertaken by Cablevisión. Although Cablevisión believed that the party filing the complaint was not entitled to do so, and that the allegations by ELP Investments were false or wrongly presented, the court handling this case ordered searches at Cablevisión’s offices, as well as the seizure of certain of Cablevisión’s corporate books. On June 27, 2003, the criminal court appointed an agent to gather information at Cablevisión’s offices regarding the case within a forty five-day period. On September 16, 2003, this period was extended for forty five additional days. Cablevisión and certain Directors of that company each denied the challenges alleged by ELP Investments and offered supporting evidence and Cablevisión appealed the court’s appointment of the agent. On October 21, 2003, Chamber IV of the Criminal and Correctional Court of Appeals declared the nullity of all the decisions made and actions taken by the lower court judges. The litigation, however, continued through the filing of remedies before the highest criminal court of appeals (*Cámara de Casación*) and the Supreme Court of Argentina. The *Cámara de Casación* partially revoked the decision rendered by Chamber IV. The majority of the judges of this court of appeals upheld the principles and grounds held by Chamber IV. Notwithstanding the above-mentioned, the *Cámara de Casación* held that the proceedings related to the preliminary injunctions that are still pending should be resolved in the first place. It should be noted that, given the share transfers made in 2006, the companies represented by the parties involved in the above-mentioned case have ceased to be shareholders of Cablevisión. Cablevisión was never a party to the case. On July 3, 2009, Chamber IV of the Criminal Court of Appeals held that the intervention of Cablevisión was no longer in effect and, therefore, declared moot the claims that had been brought against that intervention.

On May 11, 2010, the Criminal Court of First Instance declared that the legal action had become barred by the statute of limitations and permanently acquitted the accused from all the criminal offenses claimed by ELP Investments. That decision was appealed by the acting Prosecutor and is now pending before Chamber IV of the Criminal and Correctional Court of Appeals. That Chamber suspended the application of the statutes of limitation to the criminal action. The suspension is due to the fact that the former claimant ELP Investments brought a new claim requesting to be a party to this proceeding. To date, Chamber IV of the Criminal and Correctional Court of Appeals has not allowed the former claimant ELP Investments to be a party to this proceeding. ELP Investments filed an appeal against this decision, which is still pending.

d) The Government of the City of Mar del Plata enacted Ordinance No. 9,163, governing the installation of cable television networks. Such ordinance was amended and restated by Ordinance No. 15,981 dated February 26, 2004, giving cable companies until December 31, 2007 to adapt their cable networks to the new municipal requirements. The ordinance sets forth that in those areas where street lighting has underground wiring, cable television networks are to be placed underground. In this sense, the Executive Department of the Municipality of General Pueyrredón has submitted to the Municipal Council a proposed ordinance extending the term provided until December 31, 2015. The term for legislators to discuss that proposed ordinance within the legislative period in which it was presented has expired. Even though the ordinance provides for certain penalties/ fines that may be imposed, the city has not imposed such penalties to cable systems that are not in compliance with such ordinance.

e) Multicanal has brought several legal actions requesting the nullification of: i) all the Ordinary Shareholders’ Meetings of Supercanal Holding S.A. held from 2000 to date, and ii) the guarantees granted by Supercanal Holding S.A. on bank loans exclusively in favor of the group controlling Supercanal Holding S.A. (Grupo Uno S.A. and its affiliates). In addition, a claim for the dissolution and liquidation of Supercanal Holding S.A. was brought jointly with the action for the removal of all the members of the Board of Directors and the Supervisory Committee, and

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the dissolution of Supercanal Capital N.V. On March 29, 2000, Supercanal filed for insolvency proceedings before the National Court of First Instance on Commercial Matters No. 20, Clerk's Office No. 40, which was admitted by the Court on March 27, 2001. On December 26, 2007, the Court rendered a decision whereby it dismissed the claims and approved the settlement proposal. That approval was appealed by the pledgees. On October 30, 2009, the Court of Appeals, rendered a decision whereby it revoked the approval of the proposal and requested the debtor to provide certain explanations and clarifications about the submitted proposal and to provide guarantee to the pledgees on the shares of the original shareholders. Supercanal made a filing stating that it complied with both requirements and provided a Ps. 2 million escrow for the pledgees. On March 3, 2011, the Court of First Instance approved once again the insolvency proceeding. That decision was once again appealed by the pledgees. On December 28, 2011, Chamber A of the Court of Appeals partially revoked the decision rendered by the Court of First Instance upholding the approval of the proposal submitted by Supercanal Holding S.A. but ordering that the guarantee for the pledgees should be of USD 30 million.

On April 23, 2012, a decision was rendered on one of the claims brought by Multicanal against Supercanal ordering the nullification of the decisions made at Supercanal's Shareholders' Meeting held on January 25, 2000 in considering points 2, 4, 5 and 6 relating to: i) the capital reduction to Ps. 12,000; ii) the cancellation of the shares corresponding to the reduced capital; iii) the capital increase to Ps. 83,012,000; iv) the delegation to the Board of Directors of the fixing of the term for the subscription and payment of the increase and the cancellation and registration of outstanding shares; and v) the amendment of the by-laws in connection with the changes in the capital stock in a new shareholders' meeting.

Such decision was appealed by both parties and the appeal is pending before the Court of Appeals.

Upon the revocation of a preliminary injunction initially granted in favor of Multicanal in re "Multicanal S.A. v/ Supercanal Holding S.A. on summary proceedings" for the request for nullification of the Shareholders' Meeting of Supercanal Holding S.A. held on January 25, 2000 at which the shareholders of that company decided to reduce the capital stock of Supercanal Holding S.A. to Ps. 12,000 and to subsequently increase the capital stock to Ps. 83,012,000, Multicanal was served on December 12, 2001 with a claim filed by Supercanal Holding S.A. for damages caused by the above-mentioned preliminary injunction which was subsequently revoked. Supercanal Holding S.A. alleges that the suspension of the effects of its Shareholders' Meeting that had been held on January 25, 2000 caused its insolvency. Multicanal answered the claim denying any liability stating that the claimant's insolvency took place, as per the documentary evidence provided by the very same claimant, before the date of the Shareholders' Meeting, which effects were suspended by the preliminary injunction. On the other hand, the suspension of the effects of the Shareholders' Meeting did not preclude the capitalization of Cablevisión by other alternative means. Based on legal and factual precedents of the case, Cablevisión, as successor of Multicanal's operations, believes that the claim filed should be rejected in its entirety, and that the legal costs should be borne by the plaintiff. The proceeding is at the discovery stage. The Court of First Instance dismissed Supercanal Holding S.A.'s request that it be allowed to sue without paying court fees or costs. This decision has been ratified by the Federal Court of Appeals.

Cablevisión cannot assure that, as a result of the actions brought, it may obtain a favorable economic or equity outcome. Currently and due to the ancillary jurisdiction of the insolvency proceedings of Supercanal Holding S.A. all the claims brought are pending before the above-mentioned court.

f) Multicanal, which was merged into Cablevisión, has taken notice of a claim (with which it has not been served as of the date of these interim condensed parent company only financial statements) brought against it by an entity representing consumers and alleged financial victims (and by six other individuals). Claimants are Multicanal noteholders -individuals who are not investment professionals or consumers- who claim to be allegedly affected by Multicanal's APE Since neither Multicanal nor Cablevisión, as successor of Multicanal, has been served with that claim, we cannot estimate the impact it will have on Cablevisión.

g) On January 22, 2010, Cablevisión was served notice of CNDC Resolution No. 8/10 issued within the framework of file No. 0021390/2010 entitled "Official Investigation of Cable Television Subscriptions (C1321)". Pursuant to this Resolution, Cablevisión, among other companies, was ordered to refrain from conducting collusive practices and, particularly, from increasing the price of cable television subscriptions for a term of 60 days, counted as from the date compliance with all required notices is certified in the records of the case. As established by that

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Resolution, companies that have already increased the price of the subscriptions shall return to the price applicable in November 2009 and maintain such price for the above-mentioned term.

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

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

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

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

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

Even though as of the date of these interim condensed parent company only 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 that Resolution No. 50/10 is arbitrary and bluntly disregards its freedom to contract, which is part of the right to freedom of industry and trade. Therefore, it has filed the pertinent administrative claims and has brought the necessary legal actions requesting the suspension of the Resolution's effects and ultimately requesting its nullification.

Even though Cablevisión, like other companies in the industry, has strong constitutional arguments to support its position, it cannot be assured that the final outcome of this issue will be favorable. Therefore, Cablevisión may be forced to modify the price of its pay television subscription, a situation that could significantly affect the revenues of its core business. This situation generates uncertainties about Cablevisión's business, which could significantly affect the recoverability of the Company's relevant assets. Notwithstanding the foregoing, as of the date of these interim condensed parent company only financial statements, in accordance with the decision rendered on August 1, 2011 in re “LA CAPITAL CABLE S.A. v/ Ministry of Economy-Secretariat of Domestic Trade”, the Federal Court of Appeals of the City of Mar del Plata has ordered the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by the ATVC. Upon being served on the SCI and the Ministry of Economy on September 12, 2011, such decision became fully effective and may not be disregarded by the SCI. The National Government filed an appeal against the decision rendered by the Federal Court of Appeals of Mar del Plata to have the case brought before the Supreme Court. Such appeal was dismissed and so the National Government filed a direct appeal with the Supreme Court, which was also dismissed.

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

On March 10, 2011 SCI Resolution No. 36/11 was published in the Official Gazette. This Resolution falls within the framework of SCI Resolution No. 50/10. Resolution No. 36/11 sets forth the parameters to be applied to the services rendered by Cablevisión to its subscribers from January through April 2011. These parameters are as follows: 1) the monthly basic subscription price shall be Ps. 109 for that period; 2) the price of other services rendered by Cablevisión should remain unchanged as of the date of publication of the resolution; and 3) the

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promotional benefits, existing rebates and/or discounts already granted as of that same date shall be maintained. The resolution also provides that Cablevisión shall reimburse users for any amount collected above the price set for that period.

Cablevisión believes that Resolution No. 36/10 is illegal and arbitrary, since it is grounded on Resolution No. 50/10, which is absolutely null and void. Since the application of Resolution No. 50/10 has been suspended, the application of Resolution No. 36/11, which falls within the framework of the former, is also suspended.

The claim filed by Cablevisión seeking the nullification of Resolution No. 50/10 is currently pending before the Federal Administrative Court of First Instance No. 7 of the City of Buenos Aires. This claim was dismissed in view of the claim pending in the City of Mar del Plata.

Subsequently, the SCI issued Resolutions Nos. 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 pursuant to which the SCI extended the effectiveness of Resolution No. 36/11 up to and including September 2014, and adjusted the cable television subscription price to Ps. 152. Cablevisión believes, however, that given the terms under which the Federal Court of the City of Mar del Plata granted the preliminary injunction, that is, ordering the SCI to suspend the application of Resolution No. 50/10 with respect to all cable television licensees represented by ATVC (among them, Cablevisión and its subsidiaries), and also given the fact that Resolutions No. 36/11, 65/11, 92/11, 123/11, 141/11, 10/11, 25/12, 97/12, 161/12, 29/13, 61/13, 104/13, 1/14, 43/14 and 93/14 merely apply Resolution No. 50/10, Cablevisión continues to be protected by said preliminary injunction, and, therefore, the ordinary course of its business will not be affected.

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

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

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

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

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

For the purposes of enforcing the injunction, the court issued letters rogatory to the competent judge of the City of Buenos Aires. Upon the initiation of that proceeding, both the National Court on Federal Administrative Matters and the National Court on Federal Civil and Commercial Matters declined jurisdiction to enforce the injunction ordered by the Federal Judge of La Plata. Cablevisión has appealed the decision in connection with the lack of jurisdiction in due time and form. Chamber 1 of the Federal Court of Appeals on Civil and Commercial Matters

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confirmed the appealed decision. Accordingly, Cablevisión will file an extraordinary appeal in due time and form to have the case decided by the Supreme Court of Argentina.

It should be noted that, in the light of the corporate reorganization and at the request of both parties, that company requested in the file to suspend the procedural terms for 180 days, which was granted by the judge. Therefore, the procedural terms have been suspended until December 11, 2014. Given the decision rendered by the Supreme Court of Argentina in re “Municipality of Berazategui v. Cablevisión” mentioned below, the procedural periods remain suspended until the Federal Court of Mar del Plata renders a decision thereon.

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

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

On September 23, 2014, the Supreme Court of Argentina rendered a decision in re “Municipality of Berazategui v. Cablevisión” and ordered that the cases related to these resolutions continue under the jurisdiction of the Federal Court of Mar del Plata that had issued the decision on the collective action in favor of ATVC.

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

i) 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 No. 906/98) when informing its subscribers of the increase in the price of their cable television subscriptions. Cablevisión appealed the fines on November 12, 2010 because it believes it has strong grounds in its favor. However, it cannot assure that the outcome will be favorable. One of the files was assigned No. 1,280 and is pending before Chamber No. 1 of the Federal Administrative Court of Appeals, and the other one was assigned No. 1,278 and is pending before Chamber No. 5 of the Federal Administrative Court of Appeals.

j) 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 No. 20,680.

On February 10, 2012, Cablevisión received a fine of Ps. 1,000,000 for alleged non-compliance with such Resolution. Such fine has been appealed but no decision has been rendered on the matter yet.

k) On November 27, 2012 the National Administration of Domestic Trade served Cablevisión with Resolution No. 308/2012, whereby it imposed a Ps. 5 million fine on that company alleging that it had failed to comply with Section No. 4 of the Antitrust Law (increase in the subscription price of cable television services/wrongful information provided by Customer Service, which informed by mail SECOM Resolution No. 50 and the supplementing resolutions are suspended on grounds of unconstitutionality, when in fact they have been suspended by an injunction). On December 11, 2012 Cablevisión appealed Resolution No. 308/2012. The administrative file No. S01:0312056/2011 was sent by the National Administration of Domestic Trade to the National Court of Appeals on Federal Administrative Matters. It is now pending before Chamber No. 1 in re “Cablevisión SA v. DNCI Res. 308/12 and Other” (File 140/13). A decision has not been rendered yet.

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

l) On April 9, 2013, Cablevisión was served notice of AFIP Resolution No. 45/13 dated April 3, 2013, whereby such agency imposed penalties in a summary proceeding against Cablevisión with respect to compliance with General Resolution No. 3,260/12. Cablevisión filed an appeal, which has staying effects on the execution of those penalties.

m) On May 30, 2013, Pem S.A. was served with a claim in re “TELEVISORA PRIVADA DEL OESTE S.A. v. GRUPO CLARÍN S.A. AND OTHERS on ORDINARY” File No. 99078/2011, which is pending before the Federal Commercial Court No. 16 of First Instance, Clerk’s Office No. 32. The claim seeks damages resulting from certain decisions made with respect to Televisora Privada del Oeste S.A. Cablevisión and Grupo Clarín, among others, are defendants in such lawsuit. Cablevisión was served with the claim and filed a response in due time and form. Notice of the claim is being served on the other co-defendants. According to Cablevisión’s legal advisors, the chances of success of the claim are low because the damages claimed are clearly overstated, the actual damage invoked does not exist and the claim is procedurally inappropriate, on both a factual and legal basis. Pem S.A. filed a response and the proceeding is now in the discovery stage. In view of the level of conflict that has arisen among the parties and the length of time it is taking to reach a solution, Cablevisión cannot ascertain the outcome of this claim.

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

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

o) As a result of a report on suspicious activities reported by the Argentine Federal Revenue Service (“AFIP”) concerning transactions carried out between Grupo Clarín and some of its subsidiaries, the Financial Information Unit pressed criminal charges against Cablevisión and its officers in office in the corresponding fiscal year for alleged money laundering in connection with intercompany movements between Cablevisión and certain subsidiaries during fiscal period 2008. The action is now pending before Federal Court No. 9, under Dr. Luis Rodríguez.

During March 2014, the intervening prosecutor Dr. Miguel Angel Osorio broadened the request for evidence.

Cablevisión and its legal advisors believe that there are strong arguments in the Company’s favor, since the suspected movements were regular and had been duly recorded, and have gathered evidence that supports the non-existence of any such illegal maneuvers. However, they cannot assure that the outcome of this action will be favorable.

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

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

As a result of the foregoing, Cablevisión and its subsidiaries started to calculate employer’s contributions as a VAT tax credit as from September 2015.

q) On April 5, 2017, a subsidiary of the Cablevisión received a notification from the Under-Secretary of State for Taxation of the Treasury (“SET”) of the Republic of Paraguay, whereby that subsidiary was informed that it had failed to determine the additional IRACIS rate on the accumulated results of the companies merged in 2014. The Company’s subsidiary considers that it has solid arguments to support its position.

8.2. Re-allocation of Frequencies in Uruguay

The Executive Branch of Uruguay issued Decree No. 73/012, published in the Official Gazette on March 16, 2012, whereby it expressly repealed Decree No. 231/011, which had revoked certain signals’ broadcast frequencies. However, the new decree ratified and repeated – virtually in identical terms - the decree that was being repealed, and added certain provisions that caused further detriment to the two affected companies with which a subsidiary of Cablevisión has contractual arrangements in place. Consequently, on March 23, 2012 the affected companies filed an appeal requesting that Decree No. 73/012 be revoked. The appeal is still pending resolution.

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

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

On March 9, 2015, Decree No. 82/015 was published in the Official Gazette, whereby the Executive Branch 1) repealed Decree No. 73/012; 2) 16 common stations are awarded to be held in common (the same stations) by BERSABEL S.A. and VISION SATELITAL S.A. (companies related to Adesol S.A.) for a term of 15 years: Two of the 16 stations are awarded on a secondary basis, which means that they may be exposed to interferences and they do not have the right to bring any claim in connection thereto; 3) use of existing stations must cease within 18 months of their award to mobile service operators; 4) both companies are expressly authorized to increase the

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number of TV signals (stations) included in their respective services making use of digitization techniques; 5) both companies shall submit before the Communication Services Regulatory Agency, within a fixed term of 60 calendar days as from the date of publication of the Decree, a technical plan for the migration and release of stations, which plan shall be assessed and approved by such agency (such plan was submitted on May 7, 2015); 6) the Bidding Terms governing the bid for frequency bands that were owned by both companies shall include an economic compensation mechanism for both companies to cover the expenses incurred in adapting their systems to the new stations awarded to them, in the amount of USD 7,000,000.

Even though both companies' request for the annulment of Decree No. 153/012 was granted for formal reasons (failure to serve prior notice) by the Court on Administrative Litigation Matters (decision 455 of June 11, 2015), this decision does not change prior considerations about the terms of Decree No. 82/015 with respect to both companies due to the fact that Decree No. 305/015 (which substituted Decree No. 153/012) confirmed the allocation of channels 21 through 36 (512 MHz - 608 MHz) and 38 through 41 (614 MHz - 638 MHz), of 6 MHz each, in the UHF band exclusively for rendering accessible, free, digital broadcast television services all over the country, except for channels 35 (596-602 MHz), 36 (602-608 MHz) and 38 through 41 (614-638 MHz) only in the geographic area for which BERSABEL S.A. and VISION SATELITAL S.A. had received authorization, which will be used solely for rendering television services to subscribers through the codified UHF system, as it had been previously and expressly stated in Section 5 of Decree No. 82/015 (which repealed and amended the language of Section 1 of the above-mentioned Decree No. 153/012).

NOTE 9 – FINANCIAL INSTRUMENTS

The relevant information about the financial assets and liabilities directly held by the Company is detailed below:

9.1 Financial Risks Management

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

9.1.1 Capital Risk Management

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

As part of this process, the Company monitors its capital structure through the debt-to-equity ratio, which is equal to the quotient of its net debt (Bank and Financial Debt less Cash and Cash Equivalents) divided by shareholders' equity.

The debt-to-equity ratio as of September 30, 2017 is as follows:

	<u>September 30, 2017</u>
Bank and Financial Debt (i)	
Debt	13,169,149,272
Less: Cash and Cash Equivalents	
Cash and Banks	<u>(12,454,449,065)</u>
Net Debt	714,700,207
Equity	<u>7,856,899,200</u>
Debt-to-Equity Ratio	0.09

(i) Defined as long-term and short-term debt.

Since Cablevisión Holding is a holding company, the measurement of this ratio on the Company's parent company only balances is not relevant.

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9.1.2 Categories of Financial Instruments

	September 30, 2017
Financial Assets	
Loans and Receivables	
Cash and Banks	3,444,315
Other Receivables ⁽¹⁾	70,819,513
At fair value with an impact on net income	
Current Investments	12,451,004,750
Other Receivables	<u>52,620,000</u>
Total Financial Assets	<u>12,577,888,578</u>
Financial Liabilities	
At amortized cost	
Bank and Financial Debt ⁽²⁾	13,169,149,272
Accounts Payable and Other payables ⁽³⁾	<u>137,203,276</u>
Total Financial Liabilities	<u>13,306,352,548</u>

⁽¹⁾ Includes receivables with related parties in the amount of Ps. 9,196,000⁽²⁾ Includes loans with related parties in the amount of Ps. 421,588,476⁽³⁾ Includes accounts payable with related parties of Ps. 5,407,031**9.1.3 Objectives of Financial Risk Management**

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

The Company does not enter into financial instruments for speculative purposes as common practice.

9.1.4 Exchange Risk Management

The Company enters into foreign currency transactions, therefore, it is exposed to fluctuations of exchange rates.

The Company does not currently enter into foreign exchange hedging transactions to manage foreign currency fluctuation risk. In case the Company enters into such transactions, it cannot assure that those operations will protect its financial position from the eventual negative effect of exchange rate fluctuations.

The following table shows the monetary assets and liabilities denominated in foreign currency (USD) as of September 30, 2017:

	USD September 30, 2017
ASSETS	
CURRENT ASSETS	
Other Receivables	18,100,838
Investments	723,475,000
Cash and Banks	<u>44,973</u>
Total Current Assets	<u>741,620,811</u>
Total assets	<u>741,620,811</u>

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	USD
	September 30,
	2017
	<hr/>
LIABILITIES	
NON-CURRENT LIABILITIES	
Bank and Financial Debt	736,190,696
	<hr/>
Total Non-Current Liabilities	736,190,696
	<hr/>
CURRENT LIABILITIES	
Accounts Payable	2,356,027
Debt	24,592,046
	<hr/>
Total Current Liabilities	26,948,073
	<hr/>
Total Liabilities	763,138,769
	<hr/>

Bid/offered exchange rates as of September 30, 2017 were of Ps. 17,21 and Ps. 17,31; respectively.

9.1.4.1 Foreign Exchange Sensitivity Analysis

The Company is exposed to exchange risk, mainly with respect to the US dollar.

The following table shows the Company's sensitivity to an increase in the exchange rate of the US dollar. The sensitivity rate represents the assessment of the possible reasonable changes in exchange rates. The sensitivity analysis only includes the outstanding monetary items denominated in foreign currency and adjusts its translation at the end of the period with a 20% increase in the exchange rate, assuming that all the remaining variables remain constant.

	<u>Effect in Ps.</u>
	September 30,
	2017
	<hr/>
Net Income (Loss)	(89,327,588)

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

9.1.5. Interest Rate Risk Management

As of September 30, 2017, the Company is exposed to interest rate risk because the Company has taken a loan at a variable interest rate (see Note 4.7) and has not entered into hedge agreements to mitigate these risks. If interest rates had eventually been 100 basis points higher and all the variables had remained constant, the additional estimated loss before taxes would have been of approximately Ps. 0.7 million as of September 30, 2017.

9.1.6. Credit Risk Management

Credit risk is defined as the risk that one of the parties may breach its contractual obligations, generating an eventual financial loss for the Company. The Company renders services solely to companies of the same economic group. The credit risk on liquid funds is limited due to the fact that the counterparties are banks with high credit ratings issued by credit rating agencies.

The following table details the maturities of the Company's financial assets as from September 30, 2017. The amounts disclosed in the table are the undiscounted contractual cash flows.

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	<u>September 30, 2017</u>
<u>Without any established term</u>	9,196,000
<u>Due</u>	
Within three months	6,987,659
More than 1 year	<u>54,635,854</u>
	<u>70,819,513</u>

9.1.7. Liquidity Risk Management

The Board of Directors is ultimately responsible for liquidity management. Accordingly, it has established an adequate framework to manage liquidity so that it can meet short, medium and long-term financing requirements, as well as the Company's liquidity management. The Company manages liquidity risk maintaining an adequate level of reserves, financial facilities and loans, monitoring on an ongoing basis projected cash flows against actual cash flows and reconciling the maturity profiles of financial assets and liabilities.

9.1.8. Interest Rate Risk and Liquidity Risk Table

The following table details the maturities of the Company's financial liabilities as from September 30, 2017. The amounts disclosed in this table represent undiscounted cash flows (principal plus contractual interest):

	<u>Bank and Financial Debt</u>	<u>Accounts Payable and Other Payables</u>	<u>Total as of September 30, 2017</u>
<u>Without any established term</u>	-	5,407,031	5,407,031
<u>Due</u>			
Up to three months	608,371,631	76,575,391	684,947,022
More than three months and up to six months	187,210,859	-	187,210,859
More than six months and up to nine months	210,898,764	55,220,854	266,119,618
In more than nine months and up to twelve	210,898,764	-	210,898,764
More than one and up to two years	<u>13,439,659,579</u>	-	<u>13,439,659,579</u>
	<u>14,657,039,597</u>	<u>137,203,276</u>	<u>14,794,242,873</u>

9.1.9. Financial Instruments at Fair Value

The following table shows the Company's financial assets and liabilities measured at fair value as of September 30, 2017:

<u>Assets</u>	<u>September 30, 2017</u>	<u>Other Significant Observable Items (Level 2)</u>	<u>Non-observable significant data (Level 3)</u>
Current Investments	12,451,004,750	12,451,004,750	-
Other Receivables	52,620,000	-	52,620,000

Financial assets are valued using the prices of similar instruments obtained from information sources available in the market (Level 2). If one or more significant inputs are not based on observable data, the instrument is included in Level 3. As of September 30, 2017, the Company did not have any asset or liability valued using quoted prices for identical assets and liabilities (Level 1).

9.1.10. Fair Value of Financial Instruments

The book value of cash and banks, accounts receivable and short-term liabilities is similar to the fair value because these are instruments with short-term maturities.

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Derivatives are measured at fair value.

The following table shows the estimated fair value of non-current financial liabilities (amounts stated in thousands of Argentine pesos) are the following (in millions of Argentine pesos):

	<u>September 30, 2017</u>	
	<u>Book Value</u>	<u>Fair Value</u>
Bank and Financial Debt	12,743	12,418

NOTE 10 - CAPITAL STOCK STRUCTURE

The Company's capital stock as of May 1, 2017, date on which it started operating, was established at Ps. 180,642,580, represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 5 votes per share.
- 117,077,867 Class B book-entry common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.
- 15,811,092 Class C common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

On March 21, 2017, the Company made a filing with the CNV in order to request admission to the public offering regime. On May 29, 2017, Cablevisión Holding requested the BCBA the listing of its Class B common shares and it has begun a similar process in an international market.

On August 10, 2017, the Argentine Securities Commission approved the prospectus for admission to the public offering regime filed by Cablevisión Holding and, consequently, the Company fulfilled the conditions detailed in Resolution No. CNV 18818. On August 11, 2017, the BCBA notified the Company of its admission to the public offering regime.

Due to the fact that the Company has obtained all of the required regulatory authorizations, on August 30, 2017, Grupo Clarín and Cablevisión Holding exchanged their shares pursuant to the exchange ratio approved by Grupo Clarín's shareholders at the time of approval of the spin-off process. As a result of the exchange of shares and payment of fractions in cash, the Company holds 1,578 treasury shares as of September 30, 2017.

On September 26, 2017, the Company's Board of Directors approved, pursuant to Section five of the By-Laws, the conversion request submitted by the shareholder GS Unidos LLC of 4,028,215 Class C non-endorsable registered common shares with nominal value of Ps. 1 each and entitled to 1 vote per share for the same number of Class B book-entry common shares with nominal value of Ps. 1 each and entitled to 1 vote per share. Pursuant to the By-Laws, the Company informed the CNV and the BCBA of the conversion and: (i) on October 5, 2017, the CNV authorized, through Resolution No. DI 20178APN-G #CNV, the public transfer from the conversion of 4,028,215 Class C non-endorsable registered common shares and, (ii) on October 6, 2017, the BCBA informed the Company of the transfer of authorization for the listing of 4,028,215 non-endorsable registered common shares with nominal value of Ps. 1 each and entitled to 1 vote per share for the same number of Class B book-entry common shares with nominal value of Ps. 1 each and entitled to 1 vote per share.

The Company's capital stock as of September 30, 2017 is of Ps. 180,642,580 and is represented by:

- 47,753,621 Class A common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 5 votes per share.
- 121,106,082 Class B book-entry common shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

See our report dated
November 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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

Carlos Alberto Pedro Di Candia
Supervisory Committee

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

- 11,782,877 Class C common, registered, non-endorsable shares, with nominal value of Ps. 1 each and entitled to 1 vote per share.

NOTE 11 - RESERVES, ACCUMULATED INCOME AND DIVIDENDS

1. Cablevisión Holding

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.

2. Cablevisión

On March 30, 2017, at the Annual General Ordinary and Extraordinary Shareholders' Meeting of Cablevisión, its shareholders decided to appropriate the net income for the year ended December 31, 2016, which amounted to Ps. 4,045,337,263, as per the following detail: (i) Ps. 1,600,000,000 to the distribution of cash dividends payable to the shareholders in proportion to their equity interests in Argentine Pesos or US Dollars, in two installments, the first one to be paid within a term of thirty days as from the date of such Shareholders' Meeting and the second one to be paid on December 31, 2017 or earlier as determined by the Board of Directors, and delegated on the Board of Directors the power to establish the time and payment method, (ii) Ps. 200,479,147 to the increase of the Legal reserve, and (iii) Ps. 2,244,858,116 to the Optional reserve to maintain Cablevisión's level of capital expenditures and its current solvency level". As of the date of these interim condensed parent company only financial statements, Cablevisión paid all of the distributed dividends.

NOTE 12 – CNV GENERAL RESOLUTION No. 629/2014 - RECORD KEEPING

On August 14, 2014, the Argentine Securities Commission issued General Resolution No. 629, which provides for record keeping regulations.

The Company keeps certain supporting documentation related to the record of its operations and economic-financial events at GCGC located at Patagones 2550, City of Buenos Aires, and at the warehouse located at Ruta 36 Km 31.500, Florencio Varela, of the supplier AdeA - Administración de Archivos S.A., during the periods established by effective laws.

NOTE 13 – SUBSEQUENT EVENTS

- a. Note 6 describes the main events that took place after September 30, 2017 relating to the acquisition of companies and corporate reorganization processes.
- b. On October 2, 2017, the Company made a capital contribution in GC Equity for approximately USD 23.2 million.

See our report dated
November 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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Supervisory Committee

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

NOTE 14 - APPROVAL OF THE INTERIM CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS

The Company's Board of Directors has approved these interim condensed parent company only financial statements and authorized their issuance for November 10, 2017.

See our report dated
November 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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

Carlos Alberto Pedro Di Candia
Supervisory Committee

Alejandro Alberto Urricelqui
Chairman

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

ADDITIONAL INFORMATION REQUIRED UNDER SECTION No. 12, CHAPTER III, TITLE IV OF THE 2013 RESTATED RULES ISSUED BY THE ARGENTINE SECURITIES COMMISSION**INTERIM CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2017**

1.a) There are no specific material regulatory regimes currently applicable to the Company that may entail the contingent loss or acquisition of legal benefits.

1.b) Note 1 to the interim condensed parent company only financial statements includes additional information about the date on which the Company began operating. Note 6.d details the pre-merger commitment between Cablevisión S.A. and Telecom Argentina S.A.

2) The classification of receivables and liabilities by maturity is detailed in Note 4.12 to the interim condensed parent company only financial statements.

3) The classification of receivables and liabilities according to their related financial effects is detailed in Note 4.12 to the interim condensed parent company only financial statements.

4) Equity interest under Section 33 of Law No. 19,550 is detailed in Note 4.5 of the interim condensed parent company only financial statements. Accounts receivable from and payable to related parties are disclosed under Note 5 to the interim condensed parent company only financial statements. The following table summarizes the breakdown of such accounts payable and receivable as per the above points 2) and 3).

	<u>Receivables</u>		<u>Liabilities</u>
Without any established term Due	9,196,000	(1)	5,407,031
Within three months	-		421,588,476
Total	<u>9,196,000</u>		<u>426,995,507</u>

(1) Balances are denominated in local currency and do not accrue any interest.

(2) It includes USD 24,355,198 and accrues interest at a fixed rate.

5) 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 period.

6) The Company does not have any inventories.

7) 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.

8) 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 evidence 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.

9) As of September 30, 2017, the Company does not have any tangible property, plant and equipment.

10.a) Booked provisions for contingencies do not exceed, either individually or as a whole, two percent (2%) of the Company's shareholders' equity.

See our report dated
November 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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

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Supervisory Committee

Alejandro Alberto Urricelqui
Chairman

CABLEVISIÓN HOLDING S.A.

Registration number with the IGJ: 1,908,463

10.b) 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 Notes 7 and 8 to the interim condensed parent company only financial statements).

11) The Company does not have any irrevocable contributions on account of future share subscriptions.

12) The Company does not have any unpaid cumulative dividends on preferred shares

13) In Note 11.1 to the interim condensed parent company only financial statements reference is made to the treatment given to retained earnings.

See our report dated
November 10, 2017

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

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

Carlos Alberto Pedro Di Candia
Supervisory Committee

Alejandro Alberto Urricelqui
Chairman

Free translation from the original prepared in Spanish

REPORT ON REVIEW OF INTERIM CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS

To the President and Directors of
Cablevisión Holding S.A.
Legal domicile: Tacuarí 1842, 4th floor,
City of Buenos Aires
CUIT No. 30-71559123-1

Introduction

We have reviewed the attached interim condensed parent company only financial statements of Cablevisión Holding S.A. (the "Company") which comprise the parent company only statement of balance sheet at September 30, 2017, the parent company only statement of comprehensive income for the five-month and three-month periods beginning on May 1, 2017 and July 1, 2017 and ended on September 30, 2017 and the parent company only statements of changes in equity and of cash flows for the five-month period ended September 30, 2017 and selected explanatory notes.

Management's responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards, adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE, for its Spanish acronym) as professional accounting standards and incorporated by the Argentine Securities Commission (CNV, for its Spanish acronym) to its regulations, as approved by the International Accounting Standards Board (IASB) and, therefore, is responsible for the preparation and presentation of the interim condensed parent company only financial statements mentioned in the first paragraph in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

Scope of our review

Our review was limited to the application of the procedures established by International Standard on Review Engagements ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity", which was adopted as review standard in Argentina by Technical Resolution No. 33 of the FACPCE as it was approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries to the Company's personnel responsible for preparing the information included in the interim condensed parent company only financial statements and applying analytical and other review procedures. The scope of this review is substantially less than an audit conducted in accordance with International Standards on Auditing. Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the parent company only balance sheet, parent company only comprehensive income and parent company only cash flows of the Company.

Conclusion

Based on our review, nothing has come to our attention that caused us to believe that the interim condensed parent company only financial statements mentioned in the first paragraph of this report are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Emphasis of Matter

Without modifying our conclusion, we would like to emphasize the information contained in Note 8.1.h. to the interim condensed parent only financial statements, which describes the situation related to the resolution issued by the regulator to calculate the monthly fee payable by the users of television services provided by the subsidiary Cablevisión S.A., whose decision cannot be foreseen to date.

Report on compliance with current regulations

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

- a) the interim condensed parent company only financial statements of Cablevisión Holding S.A. have been transcribed to the "Inventory and Balance Sheet" book and comply with the General Companies Law and pertinent resolutions of the Argentine Securities Commission, as regards those matters that are within our competence;
- b) the interim condensed parent company only financial statements of Cablevisión Holding S.A. arise from accounting records kept in all formal respects in conformity with legal provisions;
- c) we have read the additional information to the Notes to the interim condensed parent company only financial statements required by Section 12, Chapter III, Title IV of the regulations of the Argentine Securities Commission, on which, as regards those matters that are within our competence, we have no observations to make;
- d) at September 30, 2017, there is no debt accrued in favor of the Argentine Integrated Social Security System according to the Company's accounting records.

City of Buenos Aires, November 10, 2017.

PRICE WATERHOUSE & CO. S.R.L.

by _____ (Partner)
Carlos A. Pace

SUPERVISORY COMMITTEE'S REPORT ON THE REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders of:

Cablevisión Holding S.A.

TAX IDENTIFICATION NUMBER: 30-71559123-1

Registered office: Tacuarí 1842, Piso 4°

City of Buenos Aires

I. INTRODUCTION

In our capacity as members of Cablevisión Holding S.A.'s Supervisory Committee, pursuant to the regulations of the Argentine Securities Commission (CNV, for its Spanish acronym) and of the Buenos Aires Stock Exchange, we have performed a review of:

a) The Interim Condensed Parent Company Only Financial Statements of Cablevisión Holding S.A. comprising the Parent Company Only Balance Sheet as of September 30, 2017, the Parent Company Only Statement of Comprehensive Income for the five-month period beginning May 1, 2017 and ended September 30, 2017 and for the three-month period beginning July 1, 2017 and ended September 30, 2017, the Parent Company Only Statement of Changes in Equity and the Parent Company Only Statement of Cash Flows for the five-month period then ended, together with the corresponding notes.

b) The Interim Condensed Consolidated Financial Statements of Cablevisión Holding S.A. and its subsidiaries comprising the Consolidated Balance Sheet as of September 30, 2017, the Consolidated Statement of Comprehensive Income for the five-month period beginning May 1, 2017 and ended September 30, 2017 and for the three-month period beginning July 1, 2017 and ended September 30, 2017, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the two-month period then ended, together with the corresponding notes.

II. RESPONSIBILITY OF THE COMPANY'S MANAGEMENT

The Company's Board of Directors is responsible for the preparation and presentation of the financial statements detailed in point I. in accordance with the International Financial Reporting Standards (IFRS) adopted by the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE", for its Spanish acronym) as professional accounting standards and incorporated by the CNV to its regulations, as approved by the International Accounting Standards Board (IASB). Therefore, the Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34).

III. SCOPE OF OUR REVIEW

We conducted our review in accordance with effective statutory auditing standards established by the Argentine General Associations Law (Law No. 19,550, as amended) and by Technical Resolution No. 15 issued by the FACPCE. (amended by Technical Resolution No. 45 issued by the FACPCE). Said standards require that the review of the documents detailed in point I. be conducted in accordance with effective audit standards for the review of interim condensed financial statements; that the documents be checked for consistency with the information on corporate decisions stated in minutes and that such decisions conform to the law and the by-laws, in all formal and documentary aspects.

In order to conduct our professional work on the documents detailed in point I., we have reviewed the work performed by the Company's external auditor, Carlos A. Pace, a partner of Price Waterhouse & Co. S.R.L., who issued his reports on November 10, 2017, pursuant to International Standard on Review Engagements 2410 ("ISRE 2410") about "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", which was adopted as a standard of review in Argentina through Technical Resolution No. 33 issued by the FACPCE as approved by the International Auditing and Assurance Standards Board (IAASB).

A review of interim financial information consists of making inquiries of the Company's personnel engaged in the preparation of the information included in the interim condensed financial statements and applying analytical and other review procedures. The scope of this review is substantially lower than that of an audit review performed in accordance with international auditing standards and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that may be identified in an audit. Accordingly, we do not express an audit opinion on the Company's financial position, the comprehensive income and the cash flow position (both on a consolidated and parent company basis).

We have not performed any management control and, therefore, we have not assessed the business criteria and decisions on administrative, financing, commercialization and production matters, since these issues are the exclusive responsibility of the Board of Directors.

IV. CONCLUSION

Based on our work, within the review scope described in point III of this report, nothing has come to our attention that caused us to believe that the financial statements mentioned in point I are not prepared, in all material respects, in accordance with International Accounting Standard 34.

V. EMPHASIS OF MATTER

Without modifying our conclusion, we would like to emphasize the information disclosed under Note 8.1.h. to the Interim Condensed Parent Company Only Financial Statements and under Note 9.1.h. to the Interim Condensed Consolidated Financial Statements, which describe the situation related to the resolution issued by the regulatory agency for the calculation of the monthly fee payable by the users of cable television services rendered by the subsidiary Cablevisión S.A., whose decision cannot be foreseen to date.

VI. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with effective regulations, we report with respect to Cablevisión Holding S.A. that:

- a) The interim condensed financial statements detailed in point I a) and b) comply with the provisions of the General Associations Law and the regulations concerning accounting documentation issued by the CNV, and have been transcribed to the Inventory and Balance Sheet Book.
- b) The financial statements detailed in point I a) arise from the Company's accounting records kept, in all formal aspects, in accordance with effective legislation.
- c) Furthermore, we report that in exercise of the legality control within our field of competence, during the five-month period ended September 30, 2017 we have applied the procedures set forth in Section 294 of the General Associations Law, as deemed necessary pursuant to the circumstances and we have no observations to make in that regard.

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- d) We have read the additional information to the notes to the financial statements detailed in point I a) required under section 12, Chapter III, Title IV of CNV regulations, on which, within our filed of competence, we have no observations to make.

City of Buenos Aires, November 10, 2017

Supervisory Committee

Carlos Alberto Pedro Di Candia
Chairman