IMPRESA

Annual Accounts 2016

IMPRESA – SGPS, S.A.
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SINGLE MANAGEMENT REPORT 2016

In compliance with the requirements imposed by law regarding public companies, the Board of Directors of IMPRESA – Sociedade Gestora de Participações Sociais, S.A. hereby presents its SINGLE MANAGEMENT REPORT relative to the financial year of 2016. In doing so, the Board was careful to include sufficient elements and information for the shareholders and investors in general to be able to assess the activity of the IMPRESA GROUP in a clear and objective manner within the respective horizon of intervention.

A. Consolidated Accounts

The consolidated financial statements were prepared according to IAS/IFRS provisions, as adopted by the European Union, which include the International Accounting Standards (IAS) issued by the International Standards Committee (IASC), the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the respective SIC and IFRIC interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and Standing Interpretation Committee (SIC).

1. Executive Summary

- IMPRESA achieved a consolidated net profit of 2.8 M€ in 2016, corresponding to a decrease of 31.5%. In the 4th quarter of 2016, net profits rose 13.9% to 3.3 M€.

- Over the course of 2016, an improvement of 38.8% in financial results was reported.

- IMPRESA reached a consolidated EBITDA of 15.5 M€ in 2016, corresponding to a decrease of 31.1%.

- Total revenues of the IMPRESA Group fell 10.8%, reaching 206 M€ in 2016.

- IMPRESA recorded a decrease of 8.6% in operating costs in 2016, with restructuring costs of 2.6 M€. In the 4th quarter of 2016, decline of operating costs of 15.1%.

- At the end of 2016, IMPRESA registered a net remunerated debt of 183.2 M€, including finance leases, corresponding to an increase of 4.4 M€.

- In 2016, SIC maintained its leadership position in the main commercial target (A/BCD25/54) during prime time, amongst generalist channels, with a share of 22%. Over the whole day, SIC ended with a share of 18.0% amongst generalist channels.

- SIC Notícias maintained its position, once again, as the leading information channel amongst subscription channels, with an average share of 2.1% in 2016, reaching the 2nd position in the general ranking of the subscription channels.

- The SIC soap opera “Coração d'Ouro”, broadcast during 2016, received the gold medal in the New York Festival, by conquering the first position in the "Soap Operas" category, and the soap opera "Mar Salgado"”, broadcasted in 2015, reached the third position.

- SIC “Jornal da Noite”, led on the main commercial targets.

- Expresso increased its paid circulation in 2016, continuing to stand out as leader in digital circulation revenues, having reached an average number of 21,776 buyers, among digital subscribers and sales, which represented 23% of the newspaper's total sales.

- SIC was the first national television to ofer all its channels in High Definition (HD). On the day of its anniversary - on 6 October 2016, it began to broadcast all of its channels - SIC, SIC Notícias, SIC Radical, SIC Mulher, SIC Caras and SIC K in High Definition (HD), and in all domestic distributors.

- In October, SIC joined the European Media Alliance, which comprises several European television stations and covers more than 250 million homes. For SIC, the European Media Alliance is an excellent platform to share knowledge, have access to new technologies and opportunities to generate new business, particularly in the digital area.

- IMPRESA launched a startups accelerator in September in the Media area, with the aim of supporting and collaborating in the development of startups whose object is focused on the Media or in areas of interest to Media companies. Microsoft Portugal is the technological partner collaborating on this initiative.

- In September, IMPRESA was chosen as media partner of the Web Summit, one of the most important European events of technology, entrepreneurship and innovation. SIC was the official television of the event and EXPRESSO was the official newspaper. VISÃO, EXAME and EXAME INFORMÁTICA were also chosen as media partners of the event.

Table 1. Main Indicators

(Values in €)	Dec-16	Dec-15	ch %	4rd Qt 2016	4rd Qt 2015	ch %
Total Revenues	**205.997.090**	**230.922.406**	**-10,8%**	**56.171.417**	**66.463.033**	**-15,5%**
Television	156.192.486	173.644.532	-10,1%	42.565.142	50.536.129	-15,8%
Publishing	48.424.634	55.771.924	-13,2%	13.090.270	15.390.705	-14,9%
InfoPortugal & Others	1.847.448	1.818.384	1,6%	537.000	399.980	34,3%
Intersegments	-467.478	-312.434	-49,6%	-20.995	136.219	n.a
Operating Costs	**190.471.192**	**208.377.765**	**-8,6%**	**49.382.981**	**58.157.217**	**-15,1%**
EBITDA	**15.525.898**	**22.544.641**	**-31,1%**	**6.788.436**	**8.305.816**	**-18,3%**
EBITDA Margin	7,5%	9,8%		12,1%	12,5%	
EBITDA Television	18.897.128	23.726.425	-20,4%	7.656.954	9.375.381	-18,3%
EBITDA Publishing	-74.600	3.628.492	n.a.	-182.374	1.283.584	n.a
EBITDA Infoportugal & Othe	-3.296.630	-4.810.276	31,5%	-686.145	-2.353.149	70,8%
Net Profit	**2.759.895**	**4.027.659**	**-31,5%**	**3.345.538**	**2.938.418**	**13,9%**
Net Debt & Leasings (M€)	**183,2**	**178,8**	**2,5%**	**183,2**	**178,8**	**2,5%**

Note: EBITDA = Operating Results + Amortisations and Depreciation + Impairment Losses. Net Debt = Loans (ST+MLT) - Cash and Cash Equivalents + Finance Leases. (1) Does not consider Amortisations and Depreciation and Impairment Losses. Restructuring costs came to 2.63 M€ in 2016, of which 1.62 M€ were recorded in the 4th quarter of 2016.

2. Consolidated Accounts Analysis

IMPRESA reached consolidated revenues of 206 M€ in 2016, representing a decrease of 10.8% in relation to 230.9 M€ registered in 2015. In the 4th quarter, consolidated revenues came to 56.2 M€, which represented a decline of 15.5%.

The following should be noted relative to business in 2016:

- 2.5% decline in total advertising revenues. A substantial rise in the Digital area was registered, along with a slight rise in the Television area, and a contraction in the publications area.

- 13.8% slide in channel subscription revenues, resulting from the renegotiation of contracts in the international and domestic areas.

- 7.9% decrease in publication sales, due to the general decline in copies sold. Nevertheless, in terms of total circulation, 5 of IMPRESA publications rose, and in subscription numbers increase across the portofolio.

- 36.0% fall in other revenues, penalised by the decrease in alternative products, multimedia and content sales, which was not offset by the growth in other areas, such as: Infoportugal, Customer Publishing and technical services.

Table 2. Total Revenues (Values in €)	Dec-16	Dec-15	ch %	4rd Qt 2016	4rd Qt 2015	ch %
Total Revenues	**205.997.090**	**230.922.406**	**-10,8%**	**56.171.417**	**66.463.033**	**-15,5%**
Advertising	116.219.951	119.160.816	-2,5%	34.042.462	34.402.403	-1,0%
Channel Subscriptions	43.488.469	50.423.742	-13,8%	10.926.146	12.581.804	-13,2%
Circulation	23.019.578	25.002.256	-7,9%	5.677.291	6.237.276	-9,0%
Others	23.269.092	36.335.592	-36,0%	5.525.519	13.241.550	-58,3%

Operating costs in 2016, without considering amortisations and depreciation and impairment losses, registered a decrease of 8.6% in relation to 2015, with a sharper decline (15.1%) in the 4th quarter of 2016.

In 2016 there was an overall decline in variable costs and fixed costs of 10.4% and 5.0%, respectively. The fall in operating costs was due to the declines in the following item's: staff, costs related to the multimedia activity, channels distribution, content sales, marketing, publications production and programming costs. The year of 2016 continued to be marked by reorganisation measures, affecting in particular the Publishing area. Restructuring costs reached 2.6 M€, lower than 3.8 M€ registered in 2015.

With the negative evolution of revenues, in spite of the good performance in terms of costs, consolidated EBITDA reached 15.5 M€ in 2016, which represented a decline of 31.1%, impacted by the 2.6 M€ of restructuring costs. Adjusted for restructuring costs, it would have reached 18.1 M€, which represents a margin of 8.8%.

In a year marked by a reduced volume of investment, which came to 3.9 M€, the volume of amortisation fell 8.9% in 2016 to 3.5 M€.

The year of 2016 was marked by a substantial improvement in financial results, which increased by 38.8% to 7.3 M€. In the 4th quarter of 2016, financial results came to 1.3 M€, down 53.2% year-on-year. This positive evolution of financial results in 2016 was due to the following factors:

- Decline in interest rates. In spite of a higher average debt balance, interest expenses fell by 1.6 M€.
- A reduction of exchange rate losses of about 3.2 M€.
- In the opposite direction, the results from associated companies were negative by 0.14 M€, affected by the losses generated in LUSA, in spite of the positive contribution of VASP.

Table 3. Profit & Loss (Values in €)	Dec-16	Dec-15	ch %	4rd Qt 2016	4rd Qt 2015	ch %
Total Revenues	**205.997.090**	**230.922.406**	**-10,8%**	**56.171.417**	**66.463.033**	**-15,5%**
Television	156.192.486	173.644.532	-10,1%	42.565.142	50.536.129	-15,8%
Publishing	48.424.634	55.771.924	-13,2%	13.090.270	15.390.705	-14,9%
InfoPortugal	1.847.448	1.818.384	1,6%	537.000	399.980	34,3%
Intersegments & Outras	-467.478	-312.434	-49,6%	-20.995	136.219	n.a
Operating Costs (1)	**190.471.192**	**208.377.765**	**-8,6%**	**49.382.981**	**58.157.217**	**-15,1%**
Total EBITDA	**15.525.898**	**22.544.641**	**-31,1%**	**6.788.436**	**8.305.816**	**-18,3%**
EBITDA margin	**7,5%**	**9,8%**		**12,1%**	**12,5%**	
Television	18.897.128	23.726.425	-20,4%	7.656.954	9.375.381	-18,3%
Publishing	-74.600	3.628.492	n.a	-182.374	1.283.584	n.a
Infoportugal & Others	-3.296.630	-4.810.276	31,5%	-686.145	-2.353.149	70,8%
Depreciation	3.501.245	3.845.005	-8,9%	893.630	944.241	-5,4%
EBIT	**12.024.653**	**18.699.636**	**-35,7%**	**5.894.806**	**7.361.575**	**-19,9%**
EBIT Margin	**5,8%**	**8,1%**		**10,5%**	**11,1%**	
Financial Results (-)	7.332.479	11.985.074	-38,8%	1.310.649	2.800.908	-53,2%
Res. bef.Taxes & Minorities	**4.692.174**	**6.714.562**	**-30,1%**	**4.584.157**	**4.560.667**	**0,5%**
Taxes (IRC)(-)	1.932.279	2.686.903	-28,1%	1.238.619	1.622.249	-23,6%
Net Profits	**2.759.895**	**4.027.659**	**-31,5%**	**3.345.538**	**2.938.418**	**13,9%**

Note: EBITDA = Operating Results + Amortisations and Depreciation + Impairment Losses.(1) Does not consider Amortisations and Depreciation and Impairment Losses. Restructuring costs came to 2.63 M€ in 2016, of which 1.62 M€ were recorded in the 4th quarter of 2016.

Net income in 2016 reached 2.8 M€, compared to 4.0 M€ registered in 2015. In the 4th quarter of 2016, results were positive with a profit of 3.3 M€, up 13.9% year-on-year.

In terms of the balance sheet, at the end of 2016, net debt, including finance leases, stood at 183.2 M€, i.e. an increase of 4.4 M€ relative to 2015.

During 2016, namely in the 2nd quarter, the leasing relative to the building IMPRESA, in Paço de Arcos, was redeemed in order to begin the expansion project, which will bring together all the areas of the IMPRESA Group (Publishing and Television) under a single building by 2018. This movement represented an additional 5.3 M€ in terms of net debt.

At the end of 2016, medium and long term remunerated debt represented approximately 72.3% of total net debt.

Note should also be made to the financial autonomy ratio of 34.8% at the end of 2016.

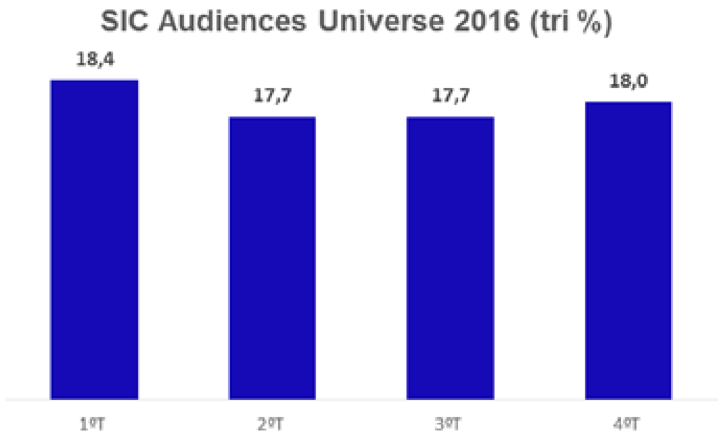
3. Television - SIC

Table 4. Television Indicators	Dec-16	Dec-15	ch %	4rd Qt 2016	4rd Qt 2015	ch %
Total Revenues	**156.192.486**	**173.644.532**	**-10,1%**	**42.565.142**	**50.536.129**	**-15,8%**
Advertising	94.669.054	93.892.439	0,8%	27.906.836	26.928.536	3,6%
Channel Subscriptions	43.488.469	50.423.742	-13,8%	10.926.146	12.581.804	-13,2%
Multimedia	13.765.265	20.300.360	-32,2%	2.858.812	5.495.198	-48,0%
Others	4.269.698	9.027.991	-52,7%	873.348	5.530.591	-84,2%
Operating Costs (1)	**137.295.358**	**149.918.107**	**-8,4%**	**34.908.188**	**41.160.748**	**-15,2%**
EBITDA	**18.897.128**	**23.726.425**	**-20,4%**	**7.656.954**	**9.375.381**	**-18,3%**
EBITDA (%)	**12,1%**	**13,7%**		**18,0%**	**18,6%**	

Note: EBITDA = Operating Results + Amortisations and Depreciation + Impairment Losses. (1) Does not consider Amortisations and Depreciation and Impairment Losses.

SIC ended 2016 with total revenues of 156.2 M€, which represented an increase of 10.1% relative to 2015. In the 4th quarter of 2016, total revenues fell 15.8%.

Advertising revenues, which represent 61% of total revenues, performed well, having increased 0.8% in 2016 and 3.6% in the 4th quarter, in line with the market. However, overall performance in 2016 was penalised, due to events not broadcast by the station, such as the Euro 2016, and due to the decline in audiences over the summer months.



SIC ended 2016 with an average audience of 18.0%, corresponding to 1.3 percentage points less than in 2015. The relaunch of the new programming grid in September made it possible to recover audiences, after a weak 2nd and 3rd quarters. In addition, in 2016, SIC maintained its leadership position in the main commercial target (A/BCD25/54) during prime time, amongst generalist channels, with a share of 22%. During the week, its leadership was even more pronounced, with a share of 23.1%.

The good performance of the SIC's Portuguese soap operas were essential in achieving these results, namely:

- The soap opera “Coração de Ouro”, which was broadcast until mid-September 2016, had an average audience share of 27.5%, reaching an average of 1.3 million viewers in the 12 months in which it was on prime time. This soap opera won the gold medal in the New York Cinema Festival, in April 2016.

- The soap opera “Rainha das Flores”, which debuted in May 2016, had an average audience share of 23.1% until December, which represented a qualitative leap relative to the previous soap opera.

- The soap opera “Amor Maior”, which debuted in September 2016, has an average audience share of 27.5%, with a performance in line with the previous soap opera in the same time slot - “Coração de Ouro”, leading the commercial targets (A/BCD 15/54 and A/BCD 25/54) with shares of 25.8 % and 26.4%, respectively.

The year of 2016 was also marked by the debuts of the entertainment programme “Best Bakery – A Melhor Pastelaria de Portugal” on Sunday nights, the return of “Shark Tank”, and by the Brazilian soap operas “Verdades Secretas”, “Liberdade Liberdade” and “Sassaricando”. And lastly, it is also important to mention SIC's Information, whose “Jornal da Noite” with an average audience of 21% during 2016, conquered the leading position in both commercial targets.

Subscription revenues of the channels of the SIC Universe are the second highest revenue source of the station, representing 27.8% of SIC's total revenues in 2016, through its 8 thematic channels, distributed over cable and satellite. They are present in 36 distributors, distributed over 16 countries and reaching 10 million viewers.

Subscription revenues, in Portugal and abroad, fell 13.8% in 2016 to 43.5 M€. These declines were due to a number of factors, namely: the conclusion of new distribution contracts in Portugal and Angola, with a simultaneous reduction in operating costs; and the decline in the number of subscribers, particularly in Angola.

In terms of audiences, the subscription channels of the SIC Universe expanded their market share, having reached a collective share of 3.8%, 0.4 pp more than in 2015. SIC Notícias stood out once again as the information channel most preferred by the Portuguese, with a share of

2.1% (1.9% in the same period of the previous year), reaching the 2nd position in the general ranking of the subscription channels.

Thematic channels Audiences

	(%)	2016		(%)	2015
1º	Hollywood	2,3	1º	Hollywood	2,3
2º	SIC Noticias	2,1	2º	SIC Noticias	1,9
3º	CMTV	2,0	3º	TVI24	1,6
4º	TVI24	1,9	4º	Disney Channel	1,6
5º	Panda	1,7	5º	AXN	1,4
6º	Disney Channel	1,7	6º	FOX	1,3
7º	FOX	1,5	7º	Cartoon Network	1,2
8º	AXN	1,5	8º	Disney Junior	1,1
24º	SIC Mulher	0,6	19º	SIC Mulher	0,6
25º	SIC Radical	0,6	21º	SIC Radical	0,6
44º	SIC Caras	0,2	38º	SIC K	0,3
50º	SIC K	0,2	58º	SIC Caras	0,1

Source: GfK, consolidated values

Source: GfK

Regarding the other thematic channels, SIC Radical and SIC Mulher both obtained a market share of 0.6%, in 2016. SIC Caras and SIC K achieved both a share of 0.2%.

The year of 2016 was also marked by the fact that SIC began to offer all of its national channels in High Definition (HD), becoming the first national television to broadcast all of its channels - SIC, SIC Notícias, SIC Radical, SIC Mulher, SIC Caras and SIC K in High Definition, and in all national distributors.

The channels of the SIC Universe continued to expand, with an emphasis on the following factors:

- Debut of SIC Caras, on the MEO platform, at the start of 2016;
- Renewal of the distribution agreement with Multichoice;
- SIC K began to be distributed by Vodafone, as of April 2016;
- Renewal of the distribution agreement with ZAP, which began to distribute SIC Internacional, as of July 2016, in Angola and Mozambique;
- Distribution agreement with StarTimes to distribute SIC Internacional and SIC Notícias, in Mozambique;
- SIC Internacional began to be distributed by Boom TV in Cape Verde;
- SIC Internacional began to be distributed by Vivo in Brazil;
- The SIC K and SIC CARAS channels began to be distributed by Nowo, as of December 2016, within the scope of the distribution agreement renegotiation.

The 3rd highest revenue source of SIC is the multimedia area, or IVR, which in 2016 represented 8.8% of total revenues. The year of 2016 was considered a negative year, particularly as of the 2nd quarter, as a result of the discontinuation of some programmes with telephone participation competitions, as in the case of “Portugal em Festa” on Sunday afternoons. Multimedia revenues thus fell 32.2% to 13.8 M€, the lowest value registered by this business since 2008.

Other revenues declined 52.7% in 2016 to 4.3 M€, mainly due to the decrease in the sale of content, following an exceptional year in this area in 2015.

In 2016, the sites of the SIC Universe underwent an in-depth restructuring, having been relaunched in September, which allowed them to achieve significant gains in traffic, making up for the loss arising from having exited the SAPO platform. The year of 2016 was marked in this item by the growth of 1.4% to 4.8 million unique visitors.

Over the course of 2016, there was a strict control of operating costs, which allowed operating costs to fall by 8.4%, resulting from reductions in programming, staff, multimedia and channel distribution-related costs. In the 4th quarter of 2016, there was a year-on-year decrease of 15.2% in operating costs, to which the previously mentioned items and the fact that no restructuring costs were registered in this quarter contributed.

However, the fall in operating costs was not sufficient to offset the decline in revenues, mainly those of Multimedia, such that EBITDA, of the Television area, came to 18.9 M€, representing a decrease of 20.4%. In the 4th quarter, EBITDA fell 18.3% to 7.7 M€.

In October, SIC joined the European Media Alliance, which comprises several European television stations and covers more than 250 million homes. For SIC, the European Media Alliance is an excellent platform to share knowledge, have access to new technologies and opportunities to generate new businesses, particularly in the digital area.

4. IMPRESA Publishing

Table 5. Publishing Indicators

	Dec-16	Dec-15	ch %	4rd Qt 2016	4rd Qt 2015	ch %
Total Revenues	**48.424.634**	**55.771.924**	**-13,2%**	**13.090.270**	**15.390.705**	**-14,9%**
Advertising	21.514.731	25.582.043	-15,9%	6.313.366	7.431.396	-15,0%
Circulation	23.019.578	25.002.256	-7,9%	5.677.291	6.237.276	-9,0%
Associated Products	2.136.652	3.066.727	-30,3%	529.524	993.836	-46,7%
Others	1.753.673	2.120.898	-17,3%	570.089	728.197	-21,7%
Operating Costs (1)	**48.499.234**	**52.143.432**	**-7,0%**	**13.272.643**	**14.107.121**	**-5,9%**
EBITDA	**-74.600**	**3.628.492**	**n.a**	**-182.374**	**1.283.584**	**n.a**
EBITDA (%)	**-0,2%**	**6,5%**		**-1,4%**	**8,3%**	

Note: EBITDA = Operating Results + Amortisations and Depreciation + Impairment Losses. (1) Does not consider Amortisations and Depreciation and Impairment Losses. Publishing recorded 2.048 M€ of restructuring costs in 2016, and 1.6 M€ in the 4th quarter of 2016.

The year of 2016 was particularly difficult for the Publishing segment, as a result of a general decline in all revenue sources, the continued reorganisation effort and the acceleration of the transition towards digital of this business area. Total revenues in this segment fell 13.2% in 2016, reaching 48.4 M€. In the 4th quarter of 2016, total revenues fell 14.9%.

Revenue from publication sales were the main revenue source of Publishing in 2016, representing 47.5% of total revenues. In 2016, circulation revenues fell 7.9% to 23.0 M€. At the end of the year, some of the sale prices of publications were updated, with the majority of the remaining publications also set for a price update at the start of 2017.

All the segments in which IMPRESA Publishing is present declined, with the biggest slides occurring in the publications of the society, women's and television areas. Within the scope of the 14 publications in the Group's portfolio, 5 managed to increase their paid circulation, namely Expresso, Exame, Caras Decoração, Jornal de Letras and Visão História. At the end of 2016, another publication was launched, an extension of the Visão magazine, Visão+ dedicated to the themes of health and well-being. During 2016, various special editions were published, with emphasis on the editions of Expresso and Visão, commemorating the victory of Portugal in the European Football Championship.In adition, the multimedia news coverage done by Expresso “Matar e Morrer por Alá”, won the innovation award of European Press Awards.

In addition, the focus on the growth of paper and digital subscriptions was maintained. Paper and digital subscription revenues increased by 13.5%, having exceed the 5 M€. In the particular case of digital revenues, the latter grew 22.7%, reaching the 1 M€ mark for the first time, and represented 5.4% of total circulation revenues in 2016. It is also important to mention the Expresso in this area, since it managed to achieve the average number of 21,776 buyers, among subscribers and digital sales, which represented about 23% of the newspaper's total sales in 2016.

The second largest revenue source in the Publishing area is advertising, which represented 44.4% of total revenues in 2016. Advertising revenues reached 21.5 M€, representing a decrease of 15.9% year-on-year. In the 4th quarter, the evolution was similar to the previous quarters, with a decrease of 15% year-on-year. In this item, advertising, the traditional paper business, also continues under enormous pressure, while the digital area is in the midst of a strong expansion. The year of 2016 was a year of transition, with Publishing recovering the management of the digital advertising sales, which increased by 14.0%, representing about 16.2% of the total revenues of this business area.

Substantial efforts have been made in the digital area, particularly in 2016, with the exit from Group sites and the SAPO platform, which led to the relaunch and restructuring of various of those sites, with emphasis on Blitz and Exame Informático. In September 2016, the site dedicated to football - Tribuna - was launched, following the good performance achieved by the site dedicated to the European Footbal Championship. In spite of the exit from the SAPO platform, IMPRESA Publishing website traffic increased by 5.3% in 2016, having reached an average of 20.9 million single visitors. It is also important to mention the good performance of the share of mobile accesses, which during the 2nd half of 2016, exceed the 50% mark, due to the restructuring of various websites over the last 2 years.

Digital advertising and circulation revenues increased by 16.4%, offsetting the general decline in Publishing, representing 9.6% of the total volume of this business area in 2016.

The sales of associated products registered a decrease of 30.3% to 2.1 M€ in 2016, following a decline of 46.7% in the 4th quarter of 2016. The reformulation of the strategy regarding the sale of collections was also implemented during 2016, with a focus on products with higher added value, which offset the decline in revenues, whilst at the same time generating an identical margin to that of 2015.

Other revenues declined 17.3% in 2016 to 1.8 M€, in spite of the increase in activity in the new media solutions area, as a result of new signed contracts, which increased by 22% during 2016.

In the Publishing area, as in the rest of the IMPRESA Group, a strict cost control strategy is maintained. In 2016, operating costs fell 7.0%, affected by restructuring costs, representing 2.0 M€. Without accounting for restructuring costs, operating costs would have decreased by 8.9%.

The combined evolution of revenues and operating costs, adjusted for restructuring costs, resulted in an EBITDA of 1.97 M€ in 2016, having registered a year-on-year decline of 58.6%. In accumulated terms, the EBITDA of the Publishing area was negative by 75 thousand euros, having been affected by restructuring costs.

5. IMPRESA Other

Table 6. IMPRESA Others Indicators	Dec-16	Dec-15	ch %	4rd Qt 2016	4rd Qt 2015	ch %
Total Revenues	**1.379.970**	**1.505.950**	**-8,4%**	**516.005**	**536.199**	**-3,8%**
InfoPortugal	1.847.448	1.818.384	1,6%	537.000	399.980	34,3%
Intersegments & Others	-467.478	-312.434	-49,6%	-20.995	136.219	n.a
Operating Costs (1)	**4.676.600**	**6.316.226**	**-26,0%**	**1.202.150**	**2.889.348**	**-58,4%**
EBITDA	**-3.296.630**	**-4.810.276**	**31,5%**	**-686.145**	**-2.353.149**	**70,8%**

Note: EBITDA = Operating Results + Amortisations and Depreciation + Impairment Losses. (1) Does not consider Amortisations and Depreciation and Impairment Losses. In 2016, restructuring costs of 389 thousand Euros were recorded in the Other segment, at the holding level.

This segment includes the management and financial costs of the holding of IMPRESA and also covers the operating activities of InfoPortugal, a company dedicated to aerial photography, cartography and georeferenced content, as well as the exploitation of the photography website and of the Academia Olhares.

In 2016, Infoportugal achieved total revenues of 1.85 M€, 1.6% above that recorded in 2015, following a 4th quarter with a growth of 34.3%. In terms of EBITDA, the company registered a positive value of 11.5 thousand euros at the end of 2016, in comparison to the positive value of 132 thousand euros obtained in 2015. It should be mentioned that the result of 2016 was affected by the recognition of provisions for trade receivables in the amount of 50 thousand euros, as well as by the lack of support in the PT2020 Community framework, which took place in 2015.

As a result of the specialised production of integrated georeferenced contents and solutions for the tourism sector and of geographic information, Infoportugal launched during 2016 the new website Boa Cama Boa Mesa, and developed three mobile applications within the scope of the same project - BCBM 2016, All About Portugal Food and Wine Tourism.

Regarding digital photogrammetry, in 2016 an investment in a large format aerial camera was made, placing InfoPortugal in a leading position in the market of cartography companies, which enabled this business area to be leveraged, boosting growth by more than 40%.

During 2016, the project involving the supply of EPG (Electronic Programme Guide) information achieved an excellent performance, boosted by the obtainment of two more customers for this service.

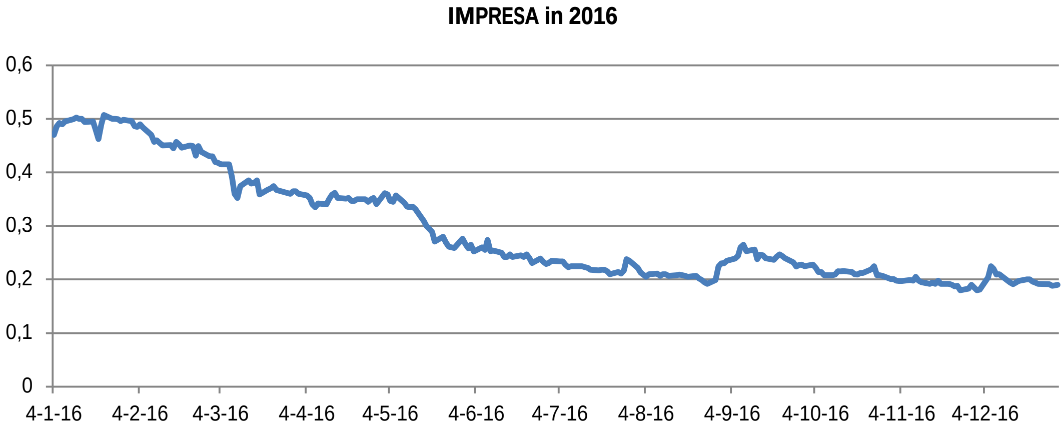
During 2016, a more pronounced effort was made within the scope of the reduction of fixed costs, with a special focus on the human resources item. In this regard, a decrease of 55 thousand euros relative to 2015 was achieved, mainly in the software development area, which suffered the most significant decline in revenues relative to 2015.

Olhares, in 2016, registered an increase in revenue of 8.5 thousand euros, due to the development of the academy and the promotion of a greater number of events and training courses.

In terms of consolidated results, in 2016 the EBITDA of this segment was negative by 3.3 M€, representing an improvement of 31.5% in comparison to 2015, in spite of restructuring costs of 0.39 M€.

6. IMPRESA in the Stock Market

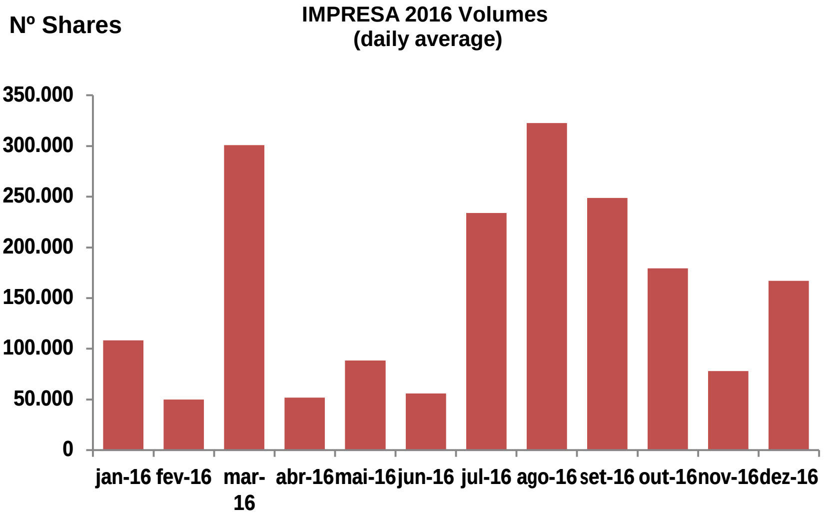
The year of 2016, following the events of 2015, continued to be marked by market volatility. In spite of the strong start in the first 4 months of the year, the Portuguese stock market lost its initial gains and stepped into negative territory.



The reference index, the PSI 20, lost 11.9% at the close of 2016, representing one of the largest devaluations of European stock markets, and worse than the performance of Eurostoxx, which fell 7.0% in 2016.

The media sector, in Europe, also registered a negative performance, with the DJ EuroStoxx Media index falling 9.5% in 2016, after having climbed 12.0% in 2015.

IMPRESA shares maintained the negative trend of 2015, having suffered a devaluation of 59.7% in 2016, in comparison to the 40% devaluation of the previous year. In addition to the slump that affected the Media sector, IMPRESA shares were also penalised by the contraction in the various business areas of the Group, with consequences for the profitability of the company and which led to its exit from the PSI20 in March 2016, driven by weak liquidity.



During 2016, IMPRESA left the PSI 20 Index. In spite of having a free-float of around 40%, the fall in the share price lowered the value of the free-float to less than the 100 million euros required to remain in the index. Transaction volumes improved in relation to 2015, having registered an increase of 29.0%

The average transaction volume of 120 thousand shares/day in 2015 increased to 157 thousand shares/day in 2016

7. Prospects

The financial year of 2016 failed to meet the objectives set out. However, the implementation, at the end of the year, of new measures, namely the implemented reorganisation of the IMPRESA GROUP, permits us to consider that the various operational indicators - EBITDA and Net Income in 2017 - will exceed the values recorded in the previous year.

And the year of 2017 will be marked by the commemoration of the 25th anniversary of SIC, whose celebration will involve the holding of a series of events throughout the country.

And, as previously announced, a Strategic Plan for the three-year period 2017-2019 was prepared, which will guide activity and the objectives of the Company in the medium-term. The main strategic objectives for the three-year period 2017-2019 are the following:

1. **Ensure a sustainable financial situation of IMPRESA Group**. The objective is to reduce remunerated debt, simultaneously with the improvement of the Group's profitability, and reach a Debt/EBITDA ratio of 4.0x until 2019.

2. **Improve the profitability of SIC**, through the growth of advertising revenues, the increase of revenues from external markets, expansion of existing business areas, namely IVR, merchandising and e-commerce, optimisation of the programming costs of SIC channels.

3. **Increase the digital sales of the Group**. The growth of the digital sales of the brands of the IMPRESA Group, through the increase in the number of digital subscribers, as well as improving the performance of advertising revenues.

4. **Accelerate international expansion**. Increase the revenues from external markets through the sale of digital content, distribution of channels and content sales.

5. **Focus on businesses and brands with growth potential**. The objective is to reduce the activities that do not make a positive contribution to the Group in the medium-term, and manage the portfolio of assets and finding new investment opportunities, with an objective of 1.5 M€ in terms of EBITDA.

B. Individual Accounts

1. Analysis of Individual Accounts

The Board of Directors of IMPRESA decided to adopt, in the preparation of its individual financial statements, the IAS/IFRS as endorsed by the European Union, considering 1 January 2008 as the transition date for the purpose of calculating the conversion adjustments. Hence, the individual financial statements presented since then have been prepared in accordance with these accounting standards.

During 2016, in individual terms, the operating results were negative by 3.862 thousand euros, compared with the negative results of 5.375 thousand euros, reached in 2015.

The financial results were positive by 6.573 thousand euros, which compares with the positive value of 13.813 thousand euros achieved in 2015, as a consequence of the increase of dividends received from the participated companies.

The net profit for 2016 was positive, to the value of 4.392 thousand euros, compared to the 10.697 thousand euros reached in 2015.

2. Proposed appropriation of net profit

It is proposed that the net profit for the year of 4.392.190,08 euros should be applied as follows:

- to the legal reserve.............................. 219.609,50 euros
- to retained earnings.......................... 4.172.580,58 euros

C. Activity of the Non-Executive Directors

Non-executive directors, in compliance with the duties entrusted to them by law, participated in the meetings of the Board of Directors, namely in meetings where the quarterly, half-year and annual accounts for the financial year of 2016 were appraised and approved, and in the general meetings of shareholders. These directors did not encounter any constraints in the performance of their duties.

Under the terms of the law and IMPRESA Audit Committee regulations, the activity of the non-executive members of the Audit Committee are described in a separate report, which is an integral part of the IMPRESA 2016 Annual Report.

D. Acknowledgements

The Board of Directors would like to thank the employees for their effort and dedication shown during the year under analysis, which enabled the results presented to be obtained.

The Board of Directors would also like to thank the Statutory Auditor, Deloitte & Associados, SROC and the following banks for the collaboration provided during the financial year of 2016: Banco BPI, Caixa Geral de Depósitos, Caixa Banco de Investimento, Novo Banco, Haitong Bank, Millennium BCP, Banco Santander Totta, Banco Popular, Caixa de Crédito Agricola, Montepio Geral and Banco BIC.

Lisbon, March 2th, 2017

The Board of Directors

Francisco José Pereira Pinto de Balsemão

Francisco Maria Supico Pinto Balsemão

Francisco Pedro Presas Pinto de Balsemão

Alexandre de Azeredo Vaz Pinto

António Soares Pinto Barbosa

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

José Manuel Archer Galvão Telles

João Nuno Lopes de Castro

IMPRESA

Individual Report 2016

IMPRESA – SGPS, S.A.
Sociedade Aberta
Capital Social Eur 84.000.000
Rua Ribeiro Sanches, 65
1200–787 Lisboa
NIPC 502 437 464
Conservatória do Registo Comercial de Lisboa

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2016 AND 2015

(Amounts expressed in Euros)

(Translation of statements of financial position originally issued in Portuguese - Note 24)

ASSETS	Notes	31 December 2016	31 December 2015
NON-CURRENT ASSETS			
Investments in group and associated companies	10	302.946.743	305.976.743
Other non-current assets	20.1	225.647	322.627
Total current assets		303.172.390	306.299.370
CURRENT ASSETS			
Other current assets	11	11.441.491	4.869.660
Current tax assets	8	-	1.667.800
Cash and cash equivalents	12	75.769	111.937
Total current assets		11.517.260	6.649.397
TOTAL ASSETS		314.689.650	312.948.767
EQUITY AND LIABILITIES			
EQUITY:			
Capital	13	84.000.000	84.000.000
Share premium	14	36.179.271	36.179.271
Legal reserve	15	1.782.188	1.247.348
Other reserves	15	11.626.434	1.540.167
Net profit for the year		4.392.190	10.696.787
TOTAL EQUITY		137.980.083	133.663.573
LIABILITIES:			
NON-CURRENT LIABILITIES			
Bank borrowings	16	116.581.214	124.755.602
Provisions		29.400	29.400
Deferred tax liabilities	8	50.771	72.591
Total non-current liabilities		116.661.385	124.857.593
CURRENT LIABILITIES:			
Bank borrowings	16	42.589.801	29.926.198
Borrowings from group companies	17	14.979.940	21.723.813
Trade and other payables	18	879.342	181.133
Current tax liabilities	8	735.200	-
Other current liabilities	11	863.899	2.596.457
Total current liabilities		60.048.182	54.427.601
TOTAL LIABILITIES		176.709.567	179.285.194
TOTAL EQUITY AND LIABILITIES		314.689.650	312.948.767

The accompanying notes form an integral part of the statements of financial position as of 31 December 2016 and 2015

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Amounts expressed in Euros)

(Translation of statements of financial position originally issued in Portuguese - Note 24)

	Notes	31 December 2016	31 December 2015
OPERATING REVENUE:			
Services rendered	3	-	1.220.822
Provisions and impairment losses	2.13	-	3.184
Other operating revenue	3	35.893	240.804
		35.893	1.464.810
OPERATING COSTS:			
Supplies and services	4	(533.818)	(1.089.753)
Personnel costs	5	(2.884.781)	(5.261.861)
Provisions and impairment losses	10	(24.716)	-
Amortization and depreciation	2.13	-	(40.564)
Other operating costs	6	(454.226)	(447.653)
Total operating costs		(3.897.541)	(6.839.831)
Operating loss		(3.861.648)	(5.375.021)
NET FINANCIAL ITEMS:			
Net financial costs	7	(5.151.040)	(6.303.633)
Net gain on group companies and associates	7	11.723.873	20.116.380
		6.572.833	13.812.747
Profit before taxes		2.711.185	8.437.726
Income tax for the year	8	1.681.005	2.259.061
Net profit for the year		4.392.190	10.696.787
Other comprehensive income:			
Items that will not be reclassified to the statement of profit and loss			
Actuarial gain/(loss)	8 and 20	(75.680)	99.447
Comprehensive income for the year		4.316.510	10.796.234
Earnings per share:			
Basic	9	0,0261	0,0637
Diluted	9	0,0261	0,0637
Comprehensive income per share:			
Basic	9	0,0257	0,0643
Diluted	9	0,0257	0,0643

The accompanying notes form an integral part of the statements of profit and loss and other comprehensive income for the years ended 31 December 2016 and 2015.

O CONTABILISTA CERTIFICADO

O CONSELHO DE ADMINISTRAÇÃO

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Amounts stated in Euros)

(Translation of a statement of changes in equity originally issued in Portuguese - Note 24)

	Capital	Share premium	Legal reserve	Other reserves	Accumulated losses	Net profit for the year	Total equity
Balance at 31 December 2014	84.000.000	36.179.271	1.108.090	5.670.648	(7.600.490)	2.785.154	122.142.673
Pension plan - actuarial gain/(loss) (Note 20.1)	-	-	-	128.319	-	-	128.319
Pension plan - deferred tax liability (Note 8)	-	-	-	(28.872)	-	-	(28.872)
Other comprehensive income	-	-	-	99.447	-	-	99.447
Other changes:							
Appropriation of net result for the year ended 31 December 2014 (Note 15)	-	-	139.258	-	2.645.896	(2.785.154)	-
Coverage of losses (Note 15)	-	-	-	(4.954.594)	4.954.594	-	-
Merger effect (Note 2.13)	-	-	-	724.666	-	-	724.666
Net profit for the year ended 31 December 2015	-	-	-	-	-	10.696.787	10.696.787
Balance at 31 December 2015	84.000.000	36.179.271	1.247.348	1.540.167	-	10.696.787	133.663.573
Pension plan - actuarial gain/(loss) (Note 20.1)	-	-	-	(97.650)	-	-	(97.650)
Pension plan - deferred tax liability (Note 8)	-	-	-	21.970	-	-	21.970
Other comprehensive income	-	-	-	(75.680)	-	-	(75.680)
Other changes:							
Appropriation of net result for the year ended 31 December 2015 (Note 15)	-	-	534.840	10.161.947	-	(10.696.787)	-
Net profit for the year ended 31 December 2016	-	-	-	-	-	4.392.190	4.392.190
Balance at 31 December 2016	84.000.000	36.179.271	1.782.188	11.626.434	-	4.392.190	137.980.083

The accompanying notes form an integral part of the statements of changes in equity for the years ended 31 December 2016 and 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.

CASH FLOW STATEMENTS FOR THE YEARS ENDED

31 DECEMBER 2016 AND 2015

(Amounts stated in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 24)

	Notes	31 December 2016	31 December 2015
OPERATING ACTIVITIES:			
Cash received from customers	2.13	-	2.668.452
Cash paid to suppliers		(534.227)	(3.500.090)
Cash paid to employees		(3.874.701)	(5.674.773)
Cash used in operations		(4.408.928)	(6.506.411)
Recovery/(payments) of income tax		4.511.879	2.994.248
Other cash received/(paid) relating to operating activities		37.367	867.242
Net cash used in operating activities (1)		140.318	(2.644.921)
INVESTING ACTIVITIES			
Cash received relating to:			
Investments in group and associated companies	10	-	1.535.057
Dividends and decrease in capital of associates	7	11.723.873	20.116.181
Loans to group companies		-	5.485.289
Supplementary capital contributions granted	10	3.000.000	-
Capital reductions	10	-	765.900
Tangible fixed assets	2.13	-	33.702
		14.723.873	27.936.129
Cash paid relating to:			
Supplementary capital contributions	10	-	(21.004.070)
Loans to group companies	11	(7.395.000)	-
		(7.395.000)	(21.004.070)
Net cash from investing activities (2)		7.328.873	6.932.059
FINANCING ACTIVITIES:			
Cash received relating to:			
Bank borrowings		14.615.000	20.877.439
Cash paid relating to:			
Bank borrowings		(15.400.000)	(11.267.904)
Borrowings from group companies		(6.743.873)	(7.607.081)
Interest and similar costs		(4.902.090)	(6.284.297)
		(27.045.963)	(25.159.282)
Net cash (used)/from financing activities (3)		(12.430.963)	(4.281.843)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(4.961.772)	5.295
Merger	2.13	-	32.194
Cash and cash equivalents at the beginning of the year	12	111.937	106.642
Cash and cash equivalents at the end of the year	12	(4.849.835)	111.937

The accompanying notes form an integral part of the cash flow statements for the years ended 31 December 2016 and 2015.

1. INTRODUCTORY NOTE

Impresa - Sociedade Gestora de Participações Sociais, S.A. (”the Company” or “Impresa”) has its head office in Lisbon, it was founded on 18 October 1990 and its main activity is the management of participations in other companies.

Impresa is the parent company of a group made up of Impresa and its subsidiaries (“the Group”). The Group operates in the media business, namely in television broadcasting and publishing in paper and digital format.

In 2015, Impresa Serviços e Mutimédia, Lda. (“ISM”) was merged into the Company its net assets being transferred to Impresa, the merged company being consequently extinguished, with tax and accounting effects from 1 January 2015.

The accompanying financial statements were authorized for publication by the Board of Directors of Impresa on 2 March 2017.

The Company has also prepared consolidated financial statements in accordance with legislation.

2. MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

The financial statements were prepared on a going concern basis, from the Company’s accounting records, maintained in accordance with the provisions of the International Financial Reporting Standards as endorsed by the European Union, which include the International Accounting Standards (“IAS”) issued by the International Accounting Standards Committee (“IASC”), the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the related “SIC” and “IFRIC” interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) and Standing Interpretation Committee (“SIC”). These standards are hereinafter referred to as “IFRS”.

The Board of Directors made an evaluation of the Company’s ability to continue as going concern, considering all the relevant information, facts and circumstances, of financial, commercial or other nature, including subsequent events to the date of the financial statements. As a result of this analysis, the Board of Directors concluded that the Company has the adequate financial resources to maintain its activities, there being no intentions to cease operations in the short term; therefore, it considered adequate the use of the going concern assumption in the preparation of the consolidated financial statements.

Impresa adopted IFRS for the preparation of its separate financial statements for the first time in 2009 and so, in compliance with IFRS 1 – First-time Adoption of International Financial Reporting Standards (“IFRS 1”), the date of transition from Portuguese generally accepted accounting principles to IFRS rules was 1 January 2008.

Therefore, in compliance with IAS 1, Impresa declares that these financial statements and related notes comply with the requirements of IAS/IFRS as endorsed by the European Union, in force for the years beginning on 1 January 2016.

2.2 Adoption of new or revised IAS/IFRS

The accounting policies used in the year ended 31 December 2016 are consistent with those used for the preparation of the financial statements of Impresa for the year ended 31 December 2015 and explained in the corresponding notes.

The following standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application in the year ended 31 December 2016:

(Amounts stated in Euros)

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendment to IAS 19 – Employee benefits – Employee contribution	01-fev-15	Clarifies under which circumstances employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits.
Improvements to international financial statement standards (2010-2012 cycle)	01-fev-15	These improvements involve the clarification of some aspects relating to: IFRS 2 – Share based payment: definition of the vesting condition; IFRS 3 – Business combinations: recording of contingent payments; IFRS 8 – Operating segments: disclosures relating to the judgment applied to the aggregation of segments and clarification of the need to reconcile total assets by segment with the amount of the assets in the financial statements; IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets: need to proportionately revalue accumulated amortization in the case of the revaluation of fixed assets; and IAS 24 – Related Parties disclosures: defines that an entity that renders management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value measurement: clarification relating to the measurement of short term receivables or payables.
Improvements to international financial statement standards (2012-2014 cycle)	01-jan-16	These improvements involve the clarification of some aspects relating to: IFRS 5 – Non-current assets held for sale and discontinued operations units: introduces guidelines on how to proceed in the case of changes as to the expected realization method (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impact of asset monitoring contracts under the disclosures relating to continued involvement of derecognized investments, and exempts the interim financial statements from the disclosures required relating to the compensation of financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to be used to discount defined benefits must be determined by reference to high quality bonds of companies issued in the currency that the benefits will be paid; and IAS 34 – Interim financial statements: clarification on the procedures to be used when the information is available in other documents issued together with the interim financial statements.
Amendment to IFRS 11 – Joint Arrangements – Recording of acquisitions of interests in joint arrangements	01-jan-16	This amendment relates to the acquisition of interests in joint operations. It establishes the requirement to apply IFRS 3 when the joint operation acquired consists of a business activity in accordance with IFRS 3. When the joint operation in question does not consist of a business activity, the transaction must be recorded as the acquisition of assets. This amendment is of prospective application to new acquisitions of interests.
Amendment to IAS 1 – Presentation of Financial Statements - "Disclosure initiative"	01-jan-16	This amendment clarifies some aspects relating to the disclosure initiative, namely: (i) the entity must not make it difficult to understand the financial statements by the aggregation of significant items with insignificant items or the aggregation of significant items of different natures; (ii) the disclosures specifically required by the IFRS need only to be provided if the information in question is significant; (iii) the lines in the financial statements specified by IAS 1 can be aggregated or segregated in accordance with what is significant in relation to the objectives of the financial reporting; (iv) the part of other comprehensive income resulting from the application of the equity method in associates and joint arrangements must be presented separately from the remaining elements of other comprehensive income, also segregating the items that can be reclassified to the statement of profit and loss from those that will not be reclassified; (v) the structure of the notes must be flexible, and should follow the following order: • a declaration of compliance with the IFRS's in the first section of the notes; • a description of the significant accounting policies in the second section; • supporting information for the items on the financial statements in the third section; and • other information in the fourth section.
Amendment to IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets – Acceptable depreciation and amortization methods	01-jan-16	This amendment establishes the presumption (that can be refuted) that income is not an appropriate basis for amortizing an intangible asset and forbids the use of income as a basis for depreciating tangible fixed assets. The presumption established for amortizing intangible assets can only be refuted when the intangible asset is expressed based on the income generated or when utilization of the economic benefits is significantly related to the income generated.
Amendment to IAS 27 – Application of the equity method on separate financial statements	01-jan-16	This amendment introduces the possibility of measuring interests in subsidiaries, joint arrangements and associates in separate financial statements in accordance with the equity method, in addition to the measurements methods presently existing. This change applies retrospectively.
Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosures of interests in Other Entities and IAS 28 – Investments in Associates and Jointly Controlled Entities	01-jan-16	These amendments clarify several aspects relating to the application of the exception consolidation by investment entities.

The adoption of these standards interpretations, amendments and revisions did not have a significant effect on the Company's financial statements for the year ended 31 December 2016.

(Amounts stated in Euros)

The following standards, interpretations, amendments and revisions applicable to future years have, to the date of approval of the accompanying financial statements, been endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 9 – Financial Instruments (2009) and subsequent amendments	01-jan-18	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules.
IFRS 15 – Revenue from Contracts with customers	01-jan-18	This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts entered into with clients, substituting IAS 18 – Revenue, IAS 11 – Construction contracts; IFRIC 13 – Customer loyalty programmes; IFRIC 15 – Agreements for the constructing of real estate; IFRIC 18 – Transfer of assets from costumers and SIC 31 – Revenue – Barter transactions involving advertising

The Company did not apply any of these standards early in its financial statements for the year ended 31 December 2016. No significant impact on the Company's financial statements is expected as a result of the adoption of their standards.

The following standards, interpretations, amendments and revisions applicable to future years have, to the date of approval of the accompanying financial statements, not been endorsed by the European Union:

Standard / Interpretation	Brief description
IFRS 16 – Leases	This standard introduces the principles for the recognition and measurement of leases, substituting IAS 17 – Leases. The standard defines a single model for recording lease contracts, which results in the recognition by the lessor of assets and liabilities for all lease contracts, except for those for periods of less than twelve months or for leases of assets of reduced value. Lessors will continue to classify leases between operating and finance leases, IFRS 16 not requiring substantial changes for such entities in relation to IAS 17.
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Jointly Controlled Entities	These amendments eliminate the conflict existing between these standards, relating to the sale or the contribution of assets between the investor and the associate or between the investor and the joint arrangement.
Amendments to IAS 12 - Income tax	These amendments clarify the conditions for the recognition and measurement of tax assets resulting from unrealized losses.
Amendments to IAS 7 - Cash flows statement	These amendments introduce additional discolsures related financing activities cash-flows.
Improvements to international financial statement standards (2014-2016 cycle)	These improvements involve the clarification of some aspects related to IFRS 1 - First time adoption of international financial reporting standards: eliminates some short term exemptions; IFRS 12 - Disclosure of interests in other entities: clarifies the scope of the standardas to its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 - Investments in Associates and Jointly Conrolled Entities: introduces clarifications over the fair value measurement of investments in associated or joint venutres held by venture capital companies or investment funds.

These standards have not yet been endorsed by the European Union and so have not been applied by the Company in the year ended 31 December 2016. From the above referred standards, except for IFRS 16, the Group understands that their adoption will not lead to significant changes in its consolidated financial statements. In relation to IFRS 16, the Group will analyse its effects on the consolidated financial statements, being expected that part of its leases, eventually, may become being recorded as financial leases.

2.3 Investments in group and associated companies

Equity investments in group and associated companies are recorded at cost, which includes the amount paid plus transaction costs or at deemed cost as of the date of transition to IFRS, which corresponds to the amount recorded as of that date in accordance with generally accepted accounting principles in Portugal.

Investments are maintained at cost of acquisition or deemed cost, less any estimated impairment losses, when applicable.

Supplementary capital contributions made by the Company to group and associated companies are recorded at nominal value less any impairment losses. Such contributions are added to the amount of the investment in group and associated companies due to their permanent nature, they do not bear interest and in accordance with the applicable commercial legislation they can only be repaid if, after repayment, equity of the companies is not less than the sum of their capital and non-distributable reserves.

Dividends attributed by group and associated companies are recorded as financial income and decreases in capital are recorded as decreases in the amount of the investment.

2.4 Financial instruments

2.4.1 Other current assets

Other current assets are initially recorded at their nominal value and are presented net of any impairment losses. Impairment losses of these assets are recorded when there is objective evidence that all the amounts due will not be collected in accordance with the terms originally established for settlement of the amounts due. The amount of the loss corresponds to the difference between the nominal value and the estimated recoverable value and is recognized in the statement of profit and loss and other comprehensive income for the year.

2.4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash and term deposits which mature in less than three months that are readily convertible to cash with an insignificant risk of change in value.

2.4.3 Borrowings

Borrowings are initially recognized as liabilities at the amount received, net of expenses relating to their issuance.

Expenses incurred with the issuance of borrowings are recognized in accordance with the amortized cost method, in the statement of profit and loss and other comprehensive income over the period of the borrowings.

Financial costs relating to bank interest and similar costs, such as stamp tax, are recognized in the statement of profit and loss and other comprehensive income on an accruals basis, the amounts due as of the date of the financial statements being classified as “Other current liabilities”.

2.4.4 Borrowings from Group companies

Borrowings from group companies are recorded at their nominal value, the amount corresponding accrued interest as of the date of the financial statements being classified in the caption “Other current liabilities”.

2.4.5 Trade and other payables and other current liabilities

Payables are recorded at their nominal value and do not bear interest.

2.5 Provisions and contingent liabilities

Provisions are recognized when there is a present (legal or implied) obligation resulting from a past event, the resolution of which will probably require expending internal resources, the amount of which can be reasonably estimated.

The amount of provisions is reviewed and adjusted at each statement of financial position date so as to reflect the best estimate at that time.

When any of the above mentioned conditions is not met, the corresponding contingent liability is not recorded but only disclosed, unless a future outflow of funds affecting future financial benefits is remote, in which case it is not disclosed.

2.6 Pension liability

The Company has assumed the commitment to grant its employees and remunerated Board Members hired up to 5 July 1993, pension supplements for retirement due to age and incapacity. The pensions consist of a percentage which increases with the number of years of service to the company, applied to the salary table, or a fixed percentage applied to the base salary in force in 2002.

The liability for the payment of retirement, incapacity and survivor pensions is recorded in accordance with the provisions of IAS 19, which requires companies with pension plans to recognize the cost of granting such benefits as the services are rendered by the benefiting employees and board members.

Therefore, at the end of each accounting period, the Company obtains an actuarial study made by an independent entity, in order to determine its liability at that date and the pension cost to be recognized in the period. The liability thus estimated is compared with the market value of the pension fund assets in order to determine the amount of contributions to be made or recorded.

The effect of changes in the assumptions and differences between the assumptions used and the actual amounts is considered as actuarial gain and loss, being recognized in equity (other comprehensive income).

2.7 Income tax

Income tax for the year consists of current tax and deferred tax and is recorded in accordance with the provisions of IAS 12.

Impresa is covered by the special regime for the taxation of groups of companies (Regime Especial de Tributação dos Grupos de Sociedades - “RETGS”), which covers all the companies in which Impresa has a direct or indirect participation of at least 75% and comply with the other conditions of the regime. The other companies of the Impresa Group not covered by the special regime for the taxation of groups of companies are taxed individually based on their taxable income at the applicable tax rates.

In determining income tax cost for the year, in addition to current tax, the effect of deferred tax is also considered, calculated based on the difference between the book value of assets and liabilities and their corresponding value for tax purposes.

Deferred tax assets and liabilities are calculated and valued annually using the tax rates expected to be in force when the temporary differences reverse.

Deferred tax assets are only recognized when there is reasonable expectation that there will be sufficient future taxable income to use them. At each statement of financial position date, a review of the temporary differences underlying the deferred tax assets is made so as to recognize the deferred tax assets not previously recognized because they did not fulfill the conditions required for them to be recognized, and/or reduce the amount of the deferred tax assets based on the current expectation of their future recovery.

2.8 Accruals basis

Costs and income are recorded in the period to which they relate, independently of the date they are paid or received.

Financial costs and income relating to interest are recognized on an accruals basis in accordance with the applicable effective interest rate.

2.9 Classification of the statement of financial position

Assets realizable and liabilities payable in less than one year from the statement of financial position date are classified as current assets and liabilities, respectively.

2.10 Subsequent events

Events that occur after the end of the year that provide additional information of conditions that existed at that date are reflected in the financial statements.

Events that occur after the end of the year, that provide additional information on conditions that existed after that date, if significant, are disclosed in the notes to the financial statements.

2.11 Impairment of assets

Impairment tests of assets are made as of the statement of financial position date and whenever events or changes in circumstances are identified that indicate that the amount at which an asset is recorded may not be recovered.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss and other comprehensive income.

The recoverable amount is the higher of the net selling price and value in use.

Net selling price is the amount that could be obtained from the sale of the asset in a transaction between knowledgeable independent entities, less the costs directly attributable to the sale. Value in use is the present value of the estimated future cash flows from continued use of the asset and its sale at the end of its useful life. Value in use results from future cash flows discounted based on discount rates that reflect the present cost of capital and the specific risk of the asset.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss and other comprehensive income for the period to which it refers. When an impairment loss is subsequently reversed, the book value of the asset is adjusted to its estimated value. However, impairment losses are reversed only up to the amount that would have been recognized had no impairment loss been recognized for the asset, net of amortization or depreciation, in prior years. The reversal of impairment losses is recognized immediately in the statement of profit and loss and other comprehensive income.

2.12 Changes in accounting policies and estimates

In 2016 there were no changes in accounting policies in relation to those used in preparing the financial statements for the year ended 31 December 2015, nor were material errors relating to prior years recognized.

As a result of the uncertainties relating to the operations, the basis used for the amounts estimated is the most recent reliable information available, the main estimates being those relating to the impairment analyses of the investments, provisions, market value of the financial instruments and pension liability. The revision of a prior period estimate is not considered as an error. Changes in estimates are only recognized prospectively in results and are subject to disclosure when the effect is significant. Estimates are determined based on the best information available at the time of preparing the financial statements.

2.13 Effect of the merger carried out during the year

(Amounts stated in Euros)

As explained in the Introductory Note, in 2015 ISM was merged into the Company, effective as of 1 January 2015.

The accounting effect of this operation consisted essentially of an increase of approximately 102,778,000 Euros, 102,053,000 Euros and 725,000 Euros, respectively in assets, liabilities and equity as follows:

		1 January 2015		
ASSETS	Notes	Beginning balance	Merger	Ending balance
NON-CURRENT ASSETS:				
Tangible fixed assets (a)		-	33,702	33,702
Intangible assets (a)		-	347,512	347,512
Investment in group and associated companies	10	187,951,822	99,321,541	287,273,363
Other non-current assets		198,235	-	198,235
Total non-current assets		188,150,057	99,702,755	287,852,812
CURRENT ASSETS:				
Current tax assets		-	-	-
Other current assets		14,005,052	3,042,793	17,047,845
Cash and cash equivalents		106,642	32,194	138,836
Total current assets		14,111,694	3,074,987	17,186,681
Total assets		202,261,751	102,777,742	305,039,493
EQUITY AND LIABILITIES				
EQUITY:				
Capital		84,000,000	-	84,000,000
Share premium		36,179,271	-	36,179,271
Legal reserve		1,108,090	-	1,108,090
Other reserves	15	5,670,648	724,666	6,395,314
Accumulated losses		(4,815,336)	-	(4,815,336)
Total equity		122,142,673	724,666	122,867,339
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Bank borrowings	16	29,623,347	88,958,815	118,582,162
Provisions		-	29,400	29,400
Deferred tax liabilities		44,603	-	44,603
Total non-current liabilities		29,667,950	88,988,215	118,656,165
CURRENT LIABILITIES:				
Bank borrowings	16	14,957,663	11,532,448	26,490,111
Borrowings from group companies		29,330,894	-	29,330,894
Trade and other payables		1,987,644	598,777	2,586,421
Deferred tax liabilities		10,137	-	10,137
Other current liabilities		4,164,790	933,636	5,098,426
Total current liabilities		50,451,128	13,064,861	63,515,989
Total liabilities		80,119,078	102,053,076	182,172,154
Total equity and liabilities		202,261,751	102,777,742	305,039,493

(a) In March 2015, the Company sold these assets to Impresa Office & Service Share – Gestão de Imóveis e Serviços, S.A. (“IOSS”) for their book value, which generated cash flow of 33,702 Euros, the remainder being adjusted through the offset of accounts. In addition, in the first quarter of 2015, as a result of ISM’s operations merged into Impresa, which was subsequently transferred to another Group company, services rendered of 1,152,580 Euros were recognised and provisions for impairment losses of receivables in the amount of 3,184 were reversed, and 2,668,452 Euros was received from customers.

3. SERVICES RENDERED AND OTHER OPERATING INCOME

(Amounts stated in Euros)

Other operating income for the years ended 31 December 2016 and 2015 is made up as follows:

	2016	2015
Services rendered:		
Services rendered to Group companies (Notes 2.13 and 21)	-	1,152,580
Other services rendered	-	68,242
	-	1,220,822
Other operating income:		
Excess estimated income tax	-	240,754
Others	35,893	50
	35,893	240,804

4. SUPPLIES AND SERVICES

This caption for the years ended 31 December 2016 and 2015 is made up as follows:

	2016	2015
Rents (a)	269,895	307,810
Maintenance and repairs	5,833	139,608
Specialized works	150,106	416,289
Others	107,984	226,046
	533,818	1,089,753

(a) This caption for the years ended at 31 December 2016 and 2015 includes 89,784 Euros charged each year by related entities (Note 21).

The decrease in this caption in 2016 in relation to 2015 is due essentially to the fact that the activity during the first quarter of 2015 of ISM merged into Impresa was transferred to another Group company at the end of the third quarter of 2015 (Note 2.13).

5. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2016 and 2015 were as follows:

	2016	2015
Remuneration of the corporate boards (Note 21)	449,855	1,012,161
Personnel remuneration	1,509,168	2,182,724
Charges on remuneration	510,119	739,237
Bonus (a)	-	583,000
Indemnities	361,349	575,486
Others	54,290	169,253
	2,884,781	5,261,861

(a) This amount corresponds to the accrual of an extraordinary career merit bonus of 583,000 Euros payable to the former Group’s Managing Director (Note 21).

The decrease in the caption “Personnel remuneration” and “Charges on remuneration” in 2016 in relation to 2015 results essentially from fact that the activity during the first quarter of 2015 of ISM merged into Impresa was transferred to another Group company at the end of the third quarter of 2015 (Note 2.13). In addition, within the restructuring processcarried out by the Board of Directors of the Impresa Group, the Remunerations Committee defined a reduction of the salaries of the board members with effects from 1 January 2016.

The Company had an average of 21 and 25 employees during the years ended 31 December 2016 and 2015, respectively.

(Amounts stated in Euros)

6. OTHER OPERATING COSTS

Other operating costs for the years ended 31 December 2016 and 2015 are made up as follows:

	2016	2015
Taxes	345,171	333,426
Subscriptions	106,928	113,796
Other operating costs	2,127	431
	454,226	447,653

7. NET FINANCIAL COSTS

Net financial costs for the years ended 31 December 2016 and 2015 are made up as follows:

	2016	2015
Financial costs:		
Interest (a)	(4,687,083)	(5,918,770)
Other financial costs	(463,957)	(384,863)
	(5,151,040)	(6,303,633)
Net gain on group and associated companies:		
Dividends (b)	11,723,873	20,116,181
Effect of the sale of shares in NoniusSoft, Software e Consultoria para Telecomunicações, S.A. ("NoniusSoft") (Note 10)	-	199
	11,723,873	20,116,380
	6,572,833	13,812,747

(a) At 31 December 2016 and 2015 this caption included 2,978,050 Euros and 4,273,960 Euros, respectively, charged by related entities (Nota 21).

(b) This caption at 31 December 2016 and 2015 corresponds to dividends received from the following companies (Note 21):

	2016	2015
SIC - Sociedade Independente de Comunicação, S.A. ("SIC")	11,523,873	19,882,081
Vasp – Distribuidora de Publicações, S.A. (“Vasp”)	200,000	234,100
	11,723,873	20,116,181

8. DIFFERENCES BETWEEN THE ACCOUNTING AND TAX RESULTS

(Amounts stated in Euros)

The Company is subject to Corporation Income Tax under the Special Regime for the Taxation of Groups of Companies (Regime Especial de Tributação dos Grupos de Sociedades - “RETGS”) together with its subsidiaries: Impresa Publishing, S.A. ("Impresa Publishing"), , SIC, GMTS – Global Media Technology Solutions – Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda. (“GMTS”), IOSS, and InfoPortugal - Sistemas de Informação e Conteúdos, S.A. ("InfoPortugal").

The Company is subject to corporate income tax at the rate of 21% of taxable income plus a municipal surcharge at the rate of 1.5% of taxable income, resulting in a maximum aggregate tax rate of 22.5%.

In addition, taxable income exceeding 1,500,000 Euros is subject to State surcharge at the following rates:

- 3% on taxable profit from 1,500,000 Euros to 7,500,000 Euros;
- 5% for taxable profit from 7,500,000 Euros to 35,000,000 Euros;
- 7% on taxable profit exceeding 35,000,000 Euros.

Net financial costs for 2016 are deductible for determining taxable income of each company determined individually, are limited to the greater of the following limits:

- 1,000,000 Euros;
- 40% (30% in 2017) of the profit before amortization and depreciation, net financial costs and taxes.

In accordance with article 88 of the Corporate Income Tax Code, the Company is subject to autonomous taxation on certain charges, at the rates established in the article.

In accordance with current legislation tax returns are subject to review and correction by the tax authorities during a period of four years (five years for social security), except where there have been tax losses, tax benefits have been given or tax inspections, claims or contestations have been made, in which case, depending on the circumstances, the period can be extended or suspended. Therefore the Company’s tax returns for the years 2013 to 2016 are still subject to review.

The Board of Directors believes that any corrections resulting from revisions/inspections by the tax authorities of these tax returns will not have a significant effect on the financial statements as of 31 December 2016 and 2015.

In accordance with current legislation tax losses can be carried forward during a period of 12 years after their occurrence for deduction from taxable income generated in that period, limited to 70% of the Group’s taxable income in each year, applicable also to tax losses incurred in prior years.

At 31 December 2016 and 2015 Impresa and its subsidiaries included in the tax consolidation (RETGS) did not have any tax losses carried forward.

Current tax assets and liabilities at 31 December 2016 and 2015 are made up as follows:

	2016	2015
Current tax assets		
Payments on account and special payments on account generated under the RETGS	-	3,747,508
Corporate income tax generated under the RETGS (i)	-	(1,996,094)
Estimated tax	-	(83,614)
	-	1,667,800
Current deferred tax liabilities		
Payments on account and special payments on account generated under the RETGS	(1,470,392)	-
Corporation income tax generated under the RETGS (i)	2,137,426	-
Estimated tax	68,166	-
	735,200	-

(Amounts stated in Euros)

(i) This amount was made up as follows at 31 December 2016 and 2015:

	2016	2015
Accounts payable generated under the RETGS (Note 11)	-	(302,285)
Accounts receivable generated under the RETGS (Note 11)	3,886,747	4,640,170
	3,886,747	4,337,885
Tax losses carried forward of the Company used under the RETGS	(1,749,321)	(2,341,791)
	2,137,426	1,996,094

a) Temporary differences – Changes in deferred tax assets

31 December 2016:

	Tax losses carried forward
Balance at 31 December 2015	-
Increases	1,749,321
Recovery	(1,749,321)
Balance at 31 December 2016	-

31 December 2015:

	Tax losses carried forward
Balance at 31 December 2014	-
Increases	2,341,791
Recovery	(2,341,791)
Balance at 31 December 2015	-

Deferred tax assets resulting from tax losses carried forward, generated during the years ended 31 December 2016 and 2015 were fully used up in the years then ended as a result of the taxable profit calculated by the companies included in the consolidated tax return (RETGS).

b) Temporary differences – Changes in deferred tax liabilities

31 December 2016:

	Pension plan
Balance at 31 December 2015	72,591
Increase/(decrease) with effect on other comprehensive income	(21,970)
Increase/(decrease) with effect on profit or loss	150
Balance at 31 December 2016	50,771

31 December 2015:

	Pension plan
Balance at 31 December 2014	44,603
Increase/(decrease) with effect on other comprehensive income	28,872
Increase/(decrease) with effect on profit or loss	(884)
Balance at 31 December 2015	72,591

(Amounts stated in Euros)

c) Reconciliation of the tax rate

	2016	2015
Profit before income tax	2,711,185	8,437,726
Nominal tax rate	21%	21%
Estimated income tax	569,349	1,771,922
Permanent differences (i)	(2,318,520)	(4,114,597)
Adjustment to taxable profit (ii)	68,166	83,614
Income tax for the year	(1,681,005)	(2,259,061)
Current tax	68,166	83,614
Deferred tax generated in the year	(1,749,171)	(2,342,675)
	(1,681,005)	(2,259,061)

(i) At 31 December 2016 and 2015, this caption is detailed as follows:

	2016	2015
Dividends received (Note 7)	(11,723,873)	(20,116,181)
Other non-deductible costs or in excess of the limits	1,245,367	-
Others, net	(562,066)	522,862
	(11,040,572)	(19,593,319)
	21%	21%
	(2,318,520)	(4,114,597)

(ii) This amount corresponds to corporate income tax taxed autonomously.

d) Tax processes in progress

As a result of a tax inspection carried out of ISM (in 2015 merged into Impresa) and its related tax procedures, in 2011, 2012, 2014 and 2015, Impresa was notified of additional corporation income tax assessments for the years 2008, 2009, 2010, 2011 and 2012, under which the Tax Administration did not accept the tax deductibility of interest on part of the loan from BPI to finance the acquisition of non-remunerated shareholders’ loans of BPI (prior shareholder) to Solo (entity merged into ISM in prior years). The reasons alleged by the Tax Administration for this non-acceptance is that the normal and current activities of ISM do not include the granting of loans to subsidiaries (it is not a holding company) and such charges are supposedly not related to loans obtained for its direct operations. The corrections to taxable income amount to 3,415,295 Euros for 2008, 2,105,621 Euros for 2009, 2,161,788 Euros for 2010, 2,334,795 Euros for 2011 and 943,005 Euros for 2012.

During the year ended 31 December 2016, the Tax Authorities annulled the corporate income tax additional assessment related to 2012, in the amount of 943,005 Euros (Note 19), for which a bank guarantee had been presented, amounting to 325,041 Euros, which was cancelled in April 2016.

At 31 December 2016 the additional tax assessments referred to above had been legally contested, Impresa having provided bank guarantees of 2,991,811 Euros relating to the years 2010 and 2011 (Note 19). Bank guarantees were not given for the appeals for the years 2008 and 2009 as the tax consolidation for these years presented tax losses carried forward (used in the year 2010) that offset the above additional tax assessments.

The Board of Directors believes, based on the opinion of its lawyers, that the prospects of success of its claims and/or contestations, are reasonable and so no provision has been recorded for that tax contingency.

(Amounts stated in Euros)

9. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2016 and 2015 were calculated as follows:

	2016	2015
Net profit for the year	4,392,190	10,696,787
Number of shares (Note 13)	168,000,000	168,000,000
Earnings for the year per share	0.0261	0.0637
Comprehensive income for the year	4,316,510	10,796,234
Number of shares (Note 13)	168,000,000	168,000,000
Comprehensive income for the year per share	0.0257	0.0643

As there are no situations that involve dilution, diluted earnings per share are the same as basic earnings per share.

10. INVESTMENTS IN GROUP AND ASSOCIATED COMPANIES

The movements in investments in group and associated companies and in the related accumulated impairment losses in the years ended 31 December 2016 and 2015 were as follows:

31 December 2016:

	Investments	Supplementary capital contributions	Total
Investments:			
Balance at 31 December 2015	275,726,743	30,250,000	305,976,743
Increase in impairment losses (a)	(30,000)	-	(30,000)
Decreases (b)	-	(3,000,000)	(3,000,000)
Balance at 31 December 2016	275,696,743	27,250,000	302,946,743

(a) The increase in impairment losses is recorded in the statement profit and loss and other comprehensive income under the caption “Provisions and impairment losses”, net of reversals of impairment losses in accounts receivable in the amount of 5,284 Euros.

(b) The decrease in “Supplementary capital contributions” refers to the reimbursement of supplementary capital contributions granted in previous years to Impresa Publishing, in the amount of 3,000,000 Euros.

31 December 2015:

	Investments	Supplementary capital contributions	Total
Investments:			
Balance at 31 December 2014	115,631,272	72,320,550	187,951,822
Increases (a)	5,055	21,004,070	21,009,125
Merger (Note 2.13)	162,392,591	(63,071,050)	99,321,541
Decreases (b)	(2,302,175)	(3,570)	(2,305,745)
Balance at 31 December 2015	275,726,743	30,250,000	305,976,743

(c) The increase in the caption “Investments” is due to the acquisition of part of the capital of IOSS which was held by another group company. The increase in the caption “Supplementary capital contributions” refers to supplementary capital contributions of 21,000,000 Euros and 4,070 Euros granted to Impresa Publishing and IOSS, respectively.

(Amounts stated in Euros)

(d) This caption corresponds to a capital decrease of 765,900 Euros in Vasp, as well as the sale of the full participation in Noniussoft for the amount of approximately 1,535,000 Euros, generating a gain of 199 Euros (Note 7) and the transfer of the account receivable of Visapress – Gestão de Conteúdos dos Media, C.R.L. (“Visapress”) in the amount of 3,750 Euros to other receivables.

At 31 December 2016 and 2015, the Company had the following investments in group and associated companies (accounting information of the participations taken from their financial statements prepared in accordance with generally accepted accounting principles in Portugal (“SNC”)). It should be mentioned that the subsidiaries (SIC, IOSS, Impresa Publishing and Infoportugal) prepared their financial statements for the first time in accordance with IFRS, no significant conversion from the previous accounting standards (portuguese generally accepted accounting standards) having been identified:

31 December 2016:

Company	Head office	Net assets	Equity	Total revenue	Net profit/ (loss) for the year	Percentage participation	Book value	Impairment losses	Permanent loans	Total investment
Impresa Publishing (a)	Lisboa	48,493,675	22,726,953	48,492,568	(438,750)	100%	35,611,372	(10,149,415)	23,500,000	48,961,957
IOSS (a)	Oeiras	19,109,277	8,679,558	6,261,207	(69,012)	100%	5,947,555	-	3,750,000	9,697,555
SIC	Oeiras	107,078,453	23,515,949	154,531,636	10,852,268	100%	239,408,738	-	-	239,408,738
Infoportugal	Matosinhos	1,263,328	308,730	1,847,448	(83,131)	100%	2,842,435	-	-	2,842,435
Vasp	Cacém	37,917,897	9,221,408	207,309,229	626,613	33.33%	1,144,666	-	-	1,144,666
Lusa	Lisboa	11,893,332	2,572,857	16,226,463	1,989,229	22.35%	890,732	-	-	890,732
Visapress	Lisboa	n.d	n.d	n.d	n.d	10.00%	5,000	(5,000)	-	-
Nexponor	Porto	n.d	n.d	n.d	n.d	0.001%	660	-	-	660
Outros	n.d	n.d	n.d	n.d	n.d	n.d	30,000	(30,000)	-	-
							285,881,158	(10,184,415)	27,250,000	302,946,743

31 December 2015:

Company	Head office	Net assets	Equity	Total revenue	Net profit/ (loss) for the year	Percentage participation	Book value	Impairment losses	Permanent loans	Total investment
Impresa Publishing (a)	Lisboa	38,254,160	26,381,098	27,011,129	1,789,384	100%	35,611,372	(10,149,415)	26,500,000	51,961,957
IOSS (a)	Oeiras	16,271,974	8,748,570	4,799,574	(185,860)	100%	5,947,555	-	3,750,000	9,697,555
SIC	Oeiras	100,349,957	24,187,554	173,628,982	11,853,284	100%	239,408,738	-	-	239,408,738
Infoportugal	Matosinhos	928,868	393,972	1,819,614	39,597	100%	2,842,435	-	-	2,842,435
Vasp	Cacém	34,382,369	9,123,850	207,635,576	667,384	33.33%	1,144,666	-	-	1,144,666
Lusa	Lisboa	11,606,728	4,239,849	15,398,919	(754,859)	22.35%	890,732	-	-	890,732
Visapress	Lisboa	n.d	n.d	n.d	n.d	10.00%	5,000	(5,000)	-	-
Nexponor	Porto	n.d	n.d	n.d	n.d	0.001%	660	-	-	660
Outros	n.d	n.d	n.d	n.d	n.d	n.d	30,000	-	-	30,000
							285,881,158	(10,154,415)	30,250,000	305,976,743

(a) The equity of these investments includes amounts recorded by the Company as supplementary capital contributions in the caption “Permanent loans”.

During the year ended 31 December 2016, the Company recognized impairment losses for the full investment in IT Example ACE, in the amount of 30,000 Euros.

In 2015 the Company did not identify impairment losses on its investments.

Investments in group and associated companies were valued by the Board of Directors considering the cash generating units controlled by Impresa, as well as the key assumptions of each, in conformity with the information presented in Note 17 to the consolidated financial statements.

(Amounts stated in Euros)

11. OTHER CURRENT ASSETS AND LIABILITIES

Other current assets at 31 December 2016 and 2015 are made up as follows:

	2016	2015
Customers		
Vasp (Note 21)	1,213	1,213
Other current account customers	18,536	13,423
	19,749	14,636
Other current assets		
Group companies - RETGS (Notes 8 and 21)		
SIC	3,673,804	4,012,107
Impresa Publishing	76,664	399,888
GMTS	113,776	101,701
Medipress (a)	-	104,543
IOSS	15,616	-
InfoPortugal	6,887	21,931
	3,886,747	4,640,170
Group companies (Note 21):		
IOSS (b)	7,395,000	-
Others	139,995	214,854
	11,441,491	4,869,660

(a) Medipress was merged into Impresa Publishing with effects from 1 January 2016.

(b) During the year ended 31 December 2016, IOSS mad the anticipated payment of all the finance lease contract of the building in Paço de Arcos, the Company having granted to IOSS a loan in the amount of 7,395,000 Euros, with no defined repayment schedule, and which does not bear interest.

Accounts receivable of Group companies at 31 December 2016 and 2015 in the amounts of 3,886,747 Euros and 4,640,170 Euros, respectively, correspond to estimated taxes, withholdings at source and payments on account of these subsidiaries recorded under the tax consolidation (Note 8).

The caption “Other current liabilities” at 31 December 2016 and 2015 is made up as follows:

	2016	2015
Group companies - RETGS (Notes 8 and 21)		
IOSS	-	302,285
	-	302,285
Accrued costs:		
Bonus (Note 21)	-	583,000
Personnel vacation pay and subsidy	348,213	412,588
Interest (a)	290,695	741,494
Indemnities	-	129,138
Others	32,501	53,618
	671,409	1,919,838
State and other public entities:		
Personal income tax	89,445	233,194
Social security contributions	80,256	120,947
	169,701	354,141
Other liabilities		
Other creditors	22,789	20,193
	863,899	2,596,457

(a) The caption “Accrued interest” at 31 December 2015 includes 451,932 Euros relating to Group entities (Note 21).

(Amounts stated in Euros)

12. CASH AND CASH EQUIVALENTS

The caption "Cash and cash equivalents" included in the cash flow statements as of 31 December 2016 and 2015 reflected in the statement of financial position as of those dates are as follows:

	2016	2015
Cash	-	3,316
Bank deposits	75,769	108,621
	75,769	111,937
Bank overdrafts (Note 16)	(4,925,604)	-
	(4,849,835)	111,937

The caption cash and cash equivalents includes cash and bank deposits repayable on demand.

13. CAPITAL

At 31 December 2016 and 2015 capital was fully subscribed for and paid up and amounted to 84,000,000 Euros, made up of 168,000,000 shares of fifty cents each, held as follows, in accordance with the qualified participations reported to the Stock Exchange Commission (CMVM):

	2016		2015	
	Percentage held	Amount	Percentage held	Amount
Impreger - Sociedade Gestora de Participações Sociais, S.A. ("Impreger")	50.31%	42,257,294	50.31%	42,257,294
Invesco, Ltd.	6.78%	5,693,491	5.12%	4,299,295
Madre - SGPS, S.A.	4.79%	4,024,345	4.95%	4,161,206
FIL, Ltd.	n.a.	n.a.	4.90%	4,120,092
BPI Group	3.69%	3,100,000	3.69%	3,100,000
Santander Asset Management	4.70%	3,945,621	3.49%	2,933,835
Jefferies International Limited (JIL)	n.a.	n.a.	2.59%	2,173,471
Hendersen Global Investors, Ltd.	n.a.	n.a.	2.50%	2,100,000
Newshold - SGPS, S.A.	2.40%	2,019,382	2.40%	2,019,382
Other	27.33%	22,959,867	20.04%	16,835,425
	100.00%	84,000,000	100.00%	84,000,000

(a) During the year ended 31 December 2016, these shareholders ceased having a qualified participation in Impresa's share capital.

14. SHARE PREMIUM

This caption corresponds to premiums obtained in share capital increases made in previous years. In accordance with current legislation, utilization of this reserve is subject to the same rules as the legal reserve and so this amount is not available for distribution to the shareholders but may be used to absorb losses, once all the other reserves and retained earnings have been exhausted, or to increase capital.

15. RESERVES

The caption "Legal reserve" at 31 December 2016 and 2015 corresponds to the Company's legal reserve recorded in accordance with commercial legislation, which provides that at least 5% of annual net profit must be appropriated to a legal reserve until the reserve equals the minimum requirement of 20% of share capital. The reserve is not available for distribution except upon liquidation of the Company, but may be used to absorb losses, once all the other reserves and retained earnings have been exhausted, or to increase capital.

(Amounts stated in Euros)

The movements in reserves in 2016 and 2015 were as follows:

31 December 2016:

	Legal reserve	Other reserves
Balance at 1 January 2016	1,247,348	1,540,167
Increases (a)	534,840	10,161,947
Decreases (b)	-	(75,680)
Balance at 31 December 2016	1,782,188	11,626,434

(a) The increase in these captions results from the decision of the Shareholders' General Meeting held on 19 April 2016 to appropriate net profit for the year ended 31 December 2015 as follows:

Legal reserve	534,840
Other reserves	10,161,947
	10,696,787

(b) The decrease in this caption relates to actuarial gains and losses related to pension plan, with a net effect of 75,680 Euros..

31 December 2015:

	Legal reserve	Other reserves	Retained earnings
Balance at 1 January 2015	1,108,090	5,670,648	(7,600,490)
Increases (a)	139,258	99,447	2,645,896
Merger (Note 2.13)	-	724,666	-
Decreases (b)	-	(4,954,594)	4,954,594
Balance at 31 December 2015	1,247,348	1,540,167	-

(a) The increase in these captions results from the decision of the Shareholders' General Meeting held on 29 April 2015 to appropriate net profit for the year ended 31 December 2014 as follows:

Legal reserve	139,258
Retained earnings	2,645,896
	2,785,154

In addition, the increase in the caption other reserves is due to the net amount of actuarial gains and losses in the pension plan in the amount of 99,447 Euros.

(b) On 29 April 2015 the Shareholders' General Meeting decided to transfer the amount of 4,954,594 Euros to free reserves to cover the accumulated loss reflected in the financial statements.

(Amounts stated in Euros)

16. BANK BORROWINGS

Bank borrowings at 31 December 2016 and 2015 are made up as follows:

	31 December 2016				31 Dcember 2015			
	Book value		Nominal value		Book value		Nominal value	
Lending entities	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Caixa Geral de Depósitos, S.A. (a)	-	7,362,613	-	7,500,000	-	14,721,951	-	15,000,000
Novo Banco, S.A. and Banco Espírito Santo de Investimento, S.A. (b)	29,818,481	-	30,000,000	-	29,720,780	-	30,000,000	-
Banco BPI, S.A. (c)	75,463,173	9,940,102	75,793,443	9,983,607	79,495,339	9,463,732	79,868,851	9,508,198
Banco Popular, S.A. (d)	2,472,350	988,940	2,500,000	1,000,000	3,461,175	988,907	3,500,000	1,000,000
Banco BIC Português, S.A. (e)	6,140,598	2,377,005	6,200,000	2,400,000	8,497,856	2,371,495	8,600,000	2,400,000
Caixa Central de Crédito Agrícola Mútuo, C.R.L. (f)	2,686,612	895,537	2,700,000	900,000	3,580,452	895,113	3,600,000	900,000
Guaranteed current account (g)	-	16,100,000	-	16,100,000	-	1,485,000	-	1,485,000
Bank overdrafts (h) (Note 12)	-	4,925,604	-	4,925,604	-	-	-	-
	116,581,214	42,589,801	117,193,443	42,809,211	124,755,602	29,926,198	125,568,851	30,293,198

(a) Issuance of commercial paper under a commercial paper program for a period of 3 years with maturities up to six months, ending on 23 December 2017, with an initial amount of 15,000,000 Euros, which will progressively be reduced to 3,750,000 Euros at the last issuance. At 31 December 2016 this commercial paper issue bore interest at the Euribor rate for the maturity period plus a spread of 2.85%.

In accordance with this loan, in addition to Impresa, SIC and Impresa Publishing have also assumed certain covenants, on a solidarity basis, including, among others, requirements to repay principal and pay interest. In addition, Impreger and Impresa must not cease to hold directly the majority of the capital of Impresa and SIC, respectively.

(b) On 12 November 2014 the Company issued bonds totaling 30,000,000 Euros, corresponding to 600 bonds of 50,000 Euros each, repayable on 12 November 2018. The bonds bear interest at the Euribor 6 month rate plus a spread of 4%.

In accordance with these bond loan, the Company assumed certain commitments, not ceasing to hold all the share capital of SIC and Impresa Publishing and Impreger must not cease to hold a majority (50.1%) of the Company's capital.

At 31 December 2016 these bonds were listed for trading (Euronext), their market value being similar to the amount recorded in the financial statements as of that date.

(c) Loan from Banco BPI, S.A. to ISM for the acquisition of all the capital of Solo (merged into ISM) that held an 18.35% share in SIC and a 30.65% stake in SIC. On 1 January 2015, ISM was merged into Impresa having transferred all the inherent liability to that entity (Note 2.13). At 31 December 2016 the loan bore interest payable half yearly in arrears at the six month Euribor rate plus 2.5% and is repayable in 38 successive half year instalments, the first having been due on 30 June 2006. The nominal amount of the balance due of the loan is repayable as follows:

2017	9,983,607
2018	9,983,607
2019	9,983,607
2020	9,983,607
2021 and following	45,842,622
	75,793,443
	85,777,050

In guarantee of full compliance with the loan the Group signed a blank promissory note and pledged all the shares of SIC (Note 21).

As a result of the loan Impresa assumed several covenants and restrictions relating essentially to the acquisition and sale of assets and distribution of dividends.

In accordance with the terms of the loan Impresa must maintain at least 51% of the shares of SIC. In addition, Impreger must not reduce its participation in Impresa to below 50.1%.

(Amounts stated in Euros)

(d) Loan contract signed by Impresa with Banco Popular, S.A. in June 2015 to be repaid in 10 successive half year instalments up to 16 June 2020. At 31 December 2016 the loan bore interest payable half yearly in arrears at the six month Euribor rate plus 2.25%. The nominal amount of the loan is repayable as follows:

2017	1,000,000
2018	1,000,000
2019	1,000,000
2020	500,000
	2,500,000
	3,500,000

In guarantee of full compliance with the loan Impresa signed a blank promissory note.

(e) On 18 September 2015, Impresa signed a loan contract with Banco BIC Português, S.A. to be repaid in six half yearly instalments, the first five of 1,200,000 Euros and the last on 18 September 2018 of 5,000,000 Euros. At 31 December 2016, the loan bore interest payable half yearly in arrears at the Euribor six month rate plus 1.5%. The nominal amount of the loan is repayable as follows:

2017	2,400,000
2018	6,200,000
	8,600,000

In guarantee of full compliance with the loan Impresa signed a blank promissory note.

Under the terms of this loan contract, Impreger must not reduce its participation in Impresa to below 50.01% of its share capital.

(f) Loan contracted by Impresa with Caixa Central de Crédito Agrícola Mútuo C.R.L. in September 2015, repayable in 8 half yearly instalments up to 16 September 2019. At 31 December 2016, the loan bore interest payable half yearly in arrears at the six month Euribor rate plus 2.6%. The nominal amount of the loan is repayable as follows:

2017	900,000
2018	1,350,000
2019	1,350,000
	2,700,000
	3,600,000

In guarantee of full compliance with the loan Impresa signed a blank promissory note.

In addition, Impresa must keep at least 51% of the share capital of SIC and Impresa Publishing.

(g) Guaranteed current accounts obtained by Group companies which bear interest at normal market rates for similar operations.

(h) The bank overdrafts bear interest at market rates for similar operations.

(Amounts stated in Euros)

In the years ended 31 December 2016 and 2015, the effective interest rates on the loans were as follows:

Lending entities	2016	2015
Caixa Geral de Depósitos, S.A.	2.85%	2.85%
Novo Banco, S.A. and Banco Espírito Santo de Investimento, S.A.	4.00%	4.00%
Banco BPI, S.A.	2.50%	3.84%
Banco Popular, S.A.	2.25%	2.25%
Banco BIC Português, S.A.	1.50%	1.50%
Caixa Central de Crédito Agrícola Mútuo, C.R.L.	2.60%	2.60%
Contas correntes caucionadas	2.67%	3.72%

If the interest rates had been 0.5% higher or lower in 2016 and 2015, net profit for these years would have decreased or increased by approximately 785,000 Euros and 498,000 Euros, respectively.

The Board of Directors believes that there are no cases of non-compliance with the requirements of the above mentioned borrowings, both as regards maintenance of the main participations in subsidiary companies, the limitation of investments or the distribution of dividends and the applicable financial covenants, which are detailed in Note 27 to the consolidated financial statements.

17. BORROWINGS FROM GROUP COMPANIES

At 31 December 2016 and 2015 the Company had loans from its subsidiary SIC in the amounts of 14,979,940 Euros and 21,723,813 Euros, respectively (Note 21) which bore interest at market rates for similar operations.

18. TRADE AND OTHER PAYABLES

Trade and other payables at 31 December 2016 and 2015 are made up as follows:

	2016	2015
SIC (Note 21) (a)	791,825	5,941
IOSS (Note 21)	243	-
Impresa Publishing (Note 21)	197	-
Vasp (Note 21)	-	950
Other current account payables	87,077	174,242
	879,342	181,133

(a) As of 31 December 2016, this account payable includes interests incurred for the year 2015 and 2016, in the amount of 451,932 Euros and 247,868 Euros, respectively.

19. CONTINGENT LIABILITIES AND GUARANTEES GIVEN

At 31 December 2016 the Company had requested the issuance of bank guarantees totaling 2,991,811 Euros in favor of the Tax Department in guarantee of tax execution processes resulting from the correction of corporation taxable income for the years 2010 and 2011 (Note 8).

At 31 December 2015 the Company had requested the issuance of bank guarantees totaling 3,316,853 Euros in favor of the Tax Department in guarantee of tax execution processes resulting from correction of corporation taxable income for the years 2010, 2011 and 2012.

During the year ended 31 December 2016, the Tax Authorities annulled the corporate income tax additional assessment related to 2012, in the amount of 943,005 Euros (Note 8), for which a bank guarantee had been presented, amounting to 325,041 Euros, which was cancelled in April 2016.

(Amounts stated in Euros)

20. COMMITMENTS ASSUMED

20.1 Pensions

Impresa has assumed commitments to pay its employees and remunerated members of the Board of Directors hired before 5 July 1993, pension supplements for retirement due to age and incapacity. The benefits are calculated based on a percentage that increases with the number of years of service applied to the salary scale or a fixed percentage applied to the base salary defined as being the amounts in 2002.

In 1987, the Group created an autonomous pension fund to which it transferred its liability for the payment of the above pensions.

In accordance with an actuarial study made by the entity managing the fund, the present value of the above mentioned past service liability for current and retired employees as of 31 December 2016 and 2015 was estimated at 772,998 Euros and 715,179 Euros, respectively, and the amount of the fund on those dates was 998,645 Euros and 1,037,806 Euros, respectively.

The changes in the past service liability of its current and retired employees and the amount of the Company's pension fund assets at 31 December 2016 and 2015 were as follows:

	2016	2015
Present value of the liability for defined benefits at the beginning of the year:	715,179	802,520
Benefits paid	(41,687)	(41,686)
Transfer of participants	-	52,200
Current service cost	7,718	9,287
Interest cost	18,053	21,298
Actuarial gain and loss	73,735	(128,440)
Present value of the liability for defined benefits	772,998	715,179
Plan assets at the beginning of the year:	1,037,806	1,000,755
Benefits paid	(41,687)	(41,686)
Transfer of participants	-	52,200
Interest of the plan	26,441	26,658
Financial gain/loss	(23,915)	(121)
Plan assets at the end of the year	998,645	1,037,806
Superavit	225,647	322,627

Financial gains and losses resulting from differences between the assumptions used in determining expected income from the assets and the amounts effectively realized and the actuarial gains and losses between the assumptions used in determining the liability were recognized as income and costs directly in equity as other comprehensive income. Actuarial losses in 2016 result essentially from the change in the discount rate. Actuarial gains and losses in 2015 result essentially from personnel included in the fund leaving the Company. The remaining income and costs were recognized in the statement of profit and loss.

(Amounts stated in Euros)

	2016	2015
Amounts recognized in the statement of profit or loss:		
Current service cost	(7,718)	(9,287)
Interest cost	(18,053)	(21,298)
Fund interest	26,441	26,658
	670	(3,927)
Amounts recognized as other comprehensive income:		
Actuarial (gain)/loss	73,735	(128,440)
Financial gain/loss	23,915	121
	97,650	(128,319)

Other information relating to this matter are included in Note 33.1 to the consolidated financial statements.

20.2 Operating leases

The operating lease contracts in force do not have contingent lease instalments. The operating lease contracts mature as follows:

	2016	2015
Within one year	106,230	137,668
Between one and five years	153,733	146,613
	259,963	284,281

In 2016 and 2015 the Group recognized in the statements of profit and loss and other comprehensive income the amounts of approximately 151,000 Euros and 184,000 Euros, respectively, relating to operating lease contracts.

21. RELATED PARTIES

All the subsidiaries and associated companies belonging to the Impresa Group identified in the consolidated financial statements and the shareholder Impreger are considered as related parties.

Considering the Company’s governance structure and the decision making process, it only considers as “key management personnel”, the Board of Directors, as the main operating decisions are made by the Managing Director and the Board of Directors. In the years ended 31 December 2016 and 2015, transactions with the Board of Directors corresponded essentially to remuneration paid for performing their functions in the Impresa Group.

The balances at 31 December 2016 and 2015 and transactions during the years then ended with related parties were as follows:

	2016	2015
Transactions:		
Services rendered (Note 3)	-	1,152,580
Rent cost (Note 4)	89,784	89,784
Personnel costs (Note 5)	449,855	1,805,161
Interest and similar costs (Note 7)	2,978,050	4,273,960
Dividends received (Note 7)	11,723,873	20,116,181
Balances:		
Cash and cash equivalents (a)	30,707	34,431
Receivables (Note 11)	11,282,960	4,641,383
Borrowings (Note 17)	14,979,940	21,723,813
Payables (Notes 11 and 18) (b)	792,265	1,344,108
Bank borrowings	90,777,049	88,959,071

(Amounts stated in Euros)

(a) These balances correspond essentially to bank deposits at Banco BPI, S.A..

(b) This amount includes the accrual of the extraordinary career merit bonus of 583,000 Euros payable to the former Managing Director (Note 11).

In the years ended 31 December 2016 and 2015, pension supplements of 184,739 Euros were paid each year by the pension fund to the President of the Board of Directors.

In the years ended 31 December 2016 and 2015, no long term benefits for termination of labour contracts or payments in shares were attributed to members of the Board of Directors.

22. RISK MANAGEMENT

Risk is managed on a consolidated basis and so Note 36 of the consolidated financial statements should be consulted on this matter.

23. OTHER INFORMATION

As of 31 December 2016 and 2015, the amount of annual remuneration paid by the Group to the external auditor and other entities or individuals belonging to the same network were as follows:

	2016	2015
Auditing Services	30,000	37,000
Other assurance services	2,700	1,800
Tax	-	2,000
Total	32,700	40,800

24. NOTE ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in conformity with International Financial Reporting Standards as endorsed by the European Union. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

STATUTORY AUDIT CERTIFICATION / AUDIT REPORT

(Translation of a report originally issued in Portuguese – in the event of discrepancies, the original version in Portuguese prevails)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Impresa – Sociedade Gestora de Participações Sociais, S.A. ("the Entity"), which comprise the statement of financial position as at 31 December 2016 (that presents a total of Euro 314,689,650 and equity of Euro 137,980,083, including a net profit of Euro 4,392,190, the statement of profit and loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements present true and fairly, in all material respects, the financial position of Impresa – Sociedade Gestora de Participações Sociais, S.A. as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards, technical and ethical directives of the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent from the Entity in the terms of the law and we have fulfilled our other ethical responsibilities arising from the requirements of the ethical code of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas").

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
Impairment of investments in subsidiaries (referred to in Notes 2.3, 2.11 and 10 to the financial statements)	Our main procedures to mitigate this risk included: ▪ Tests to internal controls deemed relevant related to the impairment analyses; ▪ Obtaining the impairment analyses carried out by the Management resorting to an external entity: (i) analysis of the reasonableness of the assumptions used,

The statement of financial position as of 31 December 2016 includes investments in subsidiaries and associates in the amount of 302,946,743 Euros, recorded at cost or deemed cost, resulting from the acquisition of financial participations in previous years, essentially in entities that control the television and publishing businesses. The realization of these investments depends on the future cash-flows to be generated by the corresponding subsidiaries, thus, there is the risk that these may not be sufficient to realize the amount invested. As referred to in Note 10 to the statements, the Group performs impairment analysis annually, or whenever there are indicators of impairment, using the discounted cash-flows method, based on five years projections for each business, considering a perpetuity from the fifth year onwards, which include several assumption which are detailed in Note 17 to the consolidated financial statements. Considering the amount of this caption, as well as the significant number of the judgements and estimates involved in the impairment tests, the impairment analysis of investments in subsidiaries and associates is a key audit matter.	(ii) comparison of the cash-flows projected in the analyses, including the main assumptions considered, with the historical performance of the cash generating units and corresponding budgets approved by the management, and (iii) verification of their arithmetical accuracy. ▪ Involving our internal experts to: ▪ Evaluate the assumptions used to compute the discount rates and the perpetuity growth rate; ▪ Evaluate the projections of future cash-flows used in the impairment analyses, in order to determine if they are reasonable considering the current economic and market situation, and the expected future performance of the corresponding cash generating units.

Other matters

As mentioned in the Introductory Note to the financial statements, the financial statements referred to above refer to the Entity's activity on a separate non-consolidated level and were prepared for approval and publication under the terms of current legislation. As allowed by IFRS and disclosed in Note 2.3, financial investments in subsidiaries and associates are recorded at cost or deemed cost deducted by impairment losses, when applicable. Therefore, the accompanying financial statements do not include the effect of the full consolidation of assets, liabilities, equity, revenues and expenses of the companies directly or indirectly participated by the Entity, which will be done in consolidated financial statements to be prepared and approved separately.

Responsibilities of Management and Supervisory Body for the financial statements

Management is responsible for:

- the preparation of financial statements that present true and fairly, in all material respects, the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards as adopted by the European Union;

- the preparation of a management report, including the corporate governance report, under the applicable legal and regulatory terms;

- the implementation and maintenance of an appropriate internal control system that allows the preparation of financial statements that are free from material misstatements due to fraud or error;

- the adoption of accounting principles and criteria appropriate in the circumstances; and

- the evaluation of the Entity's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of the Entity's operations.

The Supervisory Body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility consists in obtaining a reasonable assurance on whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- we communicate with those charged with governance, including the Supervisory Body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

- from the matters communicated with those charged with governance, including the Supervisory Body, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;

- we provide the Supervisory Body with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes also the verification of the agreement between the information included in the Management report with the financial statements, and the verifications required in article 451, numbers 4 and 5, of the Portuguese Commercial Code ("Código das Sociedades Comerciais").

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

In compliance with article 451, number 3.e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), in our opinion, the Management report was prepared in accordance with the applicable law and regulations and the information included therein is in agreement with the audited financial statements, and considering our knowledge and appreciation of the Entity, we did not identify material misstatements.

About the corporate governance report

In compliance with article 451, number 4, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material mistakes in the information disclosed in such report, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

About the additional elements included in article 10 of Regulation (UE) 537/2014

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16th, 2014, and beyond the key audit matters mentioned above, we further report on the following:

- Deloitte & Associados, SROC S.A. as a member of the Deloitte network, has been the Statutory Auditor of the Group over 14 years. We have been appointed/elected in the shareholders' general assembly that took place on 29 April 2015 for the mandate in progress which ends in 2018.

- The Supervisory Body confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional scepticism and designed audit procedures to respond to the risk of material misstatements in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the financial statements due to fraud.

- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Entity's Supervisory Body as at 15 March 2017.

- We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors and that we kept our independence from the Entity during the execution of the audit.

Lisbon, 15 March 2017

Deloitte & Associados, SROC S.A.
Represented by Tiago Nuno Proença Esgalhado, ROC

HJ/mj

IMPRESA

Consolidated Report 2016

IMPRESA – SGPS, S.A.
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Conservatória do Registo Comercial de Lisboa

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Amounts stated in Euros)

(Translation of consolidated statements of comprehensive income originally issued in Portuguese - Note 39)

ASSETS	Notes	2016	2015
NON-CURRENT ASSETS			
Goodwill	17	300.892.821	300.892.821
Intangible assets	18	435.821	530.660
Tangible fixed assets	19	28.234.916	27.843.127
Investments	20	3.667.894	4.037.872
Investments properties	21	5.912.440	5.912.440
Program broadcasting rights	22	4.568.154	7.444.931
Other non-current assets	24	4.941.825	5.533.924
Deferred tax assets	15	818.427	620.908
Total non-current assets		349.472.298	352.816.683
CURRENT ASSETS:			
Program broadcasting rights	22	15.636.356	14.661.158
Inventories	22	1.422.658	1.857.440
Trade and other receivables	23	37.631.796	24.156.864
Current tax assets	15	-	1.694.484
Other current assets	24	6.329.572	4.766.999
Cash and cash equivalents	25	3.491.256	3.520.079
Total current assets		64.511.638	50.657.024
TOTAL ASSETS		413.983.936	403.473.707

EQUITY AND LIABILITIES	Notes	2016	2015
EQUITY:			
Share capital	26	84.000.000	84.000.000
Share premium	26	36.179.272	36.179.272
Legal reserve	26	1.782.188	1.247.348
Retained earnings and other reserves		19.520.330	16.318.585
Consolidated net profit for the year		2.759.895	4.027.659
TOTAL EQUITY		144.241.685	141.772.864
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank borrowings	27	134.730.289	142.067.857
Finance leases	28	256.701	4.698.391
Provisions	29.2	3.757.354	3.887.349
Deferred tax liabilities	15	315.456	396.946
Total non-current liabilities		139.059.800	151.050.543
CURRENT LIABILITIES:			
Bank borrowings	27	51.596.359	34.247.423
Trade and other payables	30	29.876.474	35.944.833
Finance leases	28	113.399	1.275.418
Current tax liabilities	15	253.801	-
Other current liabilities	31	48.842.418	39.182.626
Total current liabilities		130.682.451	110.650.300
TOTAL LIABILITIES		269.742.251	261.700.843
TOTAL EQUITY AND LIABLITIES		413.983.936	403.473.707

The accompanying notes form an integral part of on the consolidated statements of financial position as of 31 December 2016.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Amounts stated in Euros)

(Translation of consolidated statements of comprehensive income originally issued in Portuguese - Note 39)

	Notes	2016	2015
OPERATING REVENUE			
Services rendered	9	179.243.775	199.722.255
Sales	9	25.117.542	28.054.742
Other operating revenue	10	1.635.773	3.145.409
Total operating revenue		205.997.090	230.922.406
OPERATING EXPENSES			
Cost of programs broadcast and goods sold	11	(80.692.585)	(82.511.385)
Supplies and services	12	(55.801.421)	(67.322.041)
Personnel costs	13	(51.665.160)	(55.898.419)
Amortization and depreciation	18 and 19	(3.501.245)	(3.845.005)
Provisions and impairment losses	29	(677.138)	(594.689)
Other operating expenses	10	(1.634.888)	(2.051.231)
Total operating expenses		(193.972.437)	(212.222.770)
Operating profit		12.024.653	18.699.636
NET FINANCIAL EXPENSES			
Gain / (loss) on associated companies	14	(139.978)	(19.338)
Interest and other financial costs	14	(7.287.855)	(11.994.159)
Other financial income	14	95.354	28.423
Net financial expenses		(7.332.479)	(11.985.074)
Profit before taxes		4.692.174	6.714.562
Income tax expense	15	(1.932.279)	(2.686.903)
Consolidated net profit for the year		2.759.895	4.027.659
Other comprehensive income			
Items that will not be reclassified to the statement of profit and loss			
Actuarial gain/(loss)	15 e 33.1	(291.074)	149.327
Comprehensive income for the year		2.468.821	4.176.986
Earnings per share:			
Basic	16	0,0164	0,0240
Diluted	16	0,0164	0,0240
Comprehensive income per share:			
Basic	16	0,0147	0,0249
Diluted	16	0,0147	0,0249

The accompanying notes form an integral part of the consolidated statements of profit and loss and other comprehensive income for the year ended 31 December 2016.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Amounts stated in Euros)

(Translation of statements of changes in equity originally issued in Portuguese - Note 39)

	Notes	Share capital	Share premium	Legal reserve	Retained earnings and other reserves	Consolidated net profit for the year	Total
Balance at 1 January 2015		84.000.000	36.179.272	1.108.090	5.302.172	11.006.344	137.595.878
Pension plan - actuarial gain/(loss)	33.1	-	-	-	192.679	-	192.679
Pension plan - deferred tax liability	15	-	-	-	(43.352)	-	(43.352)
Other comprehensive income		-	-	-	149.327	-	149.327
Other changes:							
Appropriation of consolidated net profit for the year ended 31 December 2014	26	-	-	139.258	10.867.086	(11.006.344)	-
Consolidated net profit for the year ended 31 December 2015		-	-	-	-	4.027.659	4.027.659
Balance at 31 December 2015		84.000.000	36.179.272	1.247.348	16.318.585	4.027.659	141.772.864
Pension plan - actuarial gain/(loss)	33.1	-	-	-	(375.579)	-	(375.579)
Pension plan - deferred tax liability	15	-	-	-	84.505	-	84.505
Other comprehensive income		-	-	-	(291.074)	-	(291.074)
Appropriation of consolidated net profit for the year ended 31 December 2015	26	-	-	534.840	3.492.819	(4.027.659)	-
Consolidated net profit for the year ended 31 December 2016		-	-	-	-	2.759.895	2.759.895
Balance at 31 December 2016		84.000.000	36.179.272	1.782.188	19.520.330	2.759.895	144.241.685

The accompanying notes for an integral part of the consolidated statements of changes in equity
for the year ended 31 December 2016.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

IMPRESA - SOCIEDADE GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED

31 DECEMBER 2016 AND 2015

(Amounts stated in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 39)

	Notes	2016	2015
OPERATING ACTIVITIES			
Cash receipts from customers		201.311.717	227.823.276
Cash paid to suppliers		(143.080.504)	(151.500.139)
Cash paid to employees		(52.153.431)	(56.216.462)
Cash generated from operations		6.077.782	20.106.675
Payments relating to income taxes		(277.648)	(4.025.822)
Other cash paid relating to operating activities		(215.772)	(682.227)
Net cash from operating activities (1)		5.584.362	15.398.626
INVESTING ACTIVITIES			
Cash received relating to:			
Sale of investments	20	-	1.534.989
Dividends and capital reductions of associates	20	200.000	1.000.000
Interest		326.056	14.723
subsidies		31.394	172.522
Other assets		-	12.122
		557.450	2.734.356
Cash paid relating to:			
Tangible fixed assets		(3.309.133)	(3.186.652)
Intangible assets	18	(159.277)	(261.453)
		(3.468.410)	(3.448.105)
Net cash used in investing activities (2)		(2.910.960)	(713.749)
FINANCING ACTIVITIES			
Cash received relating to:			
Bank borrowings		20.834.132	21.000.000
Leases		249.938	-
		21.084.070	21.000.000
Cash paid relating to:			
Bank borrowings		(16.199.081)	(25.188.197)
Payments relating to finance leases		(5.835.722)	(2.248.158)
Interest and similar costs		(7.127.808)	(9.153.702)
		(29.162.611)	(36.590.057)
Net cash used in investing activities (3)		(8.078.541)	(15.590.057)
Net (decrease)/increase in cash and cash equivalents (4) = (1) + (2) + (3)		(5.405.140)	(905.180)
Cash and cash equivalents at the beginning of the year	25	3.430.627	4.335.807
Cash and cash equivalents at the end of the year	25	(1.974.513)	3.430.627

The accompanying notes form an integral part of the consolidated cash flow statements
for the years ended 31 December 2016.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 39)

1. INTRODUCTORY NOTE

Impresa – Sociedade Gestora de Participações Sociais, S.A. ("the Company" or "Impresa") has its head-office in Rua Ribeiro Sanches 65, Lisbon and was founded on 18 October 1990, its main activities being the management of investments in other companies.

The Impresa Group ("the Group") is made up of Impresa and subsidiaries (Note 4). The Group operates in the media industry, namely in television broadcasting and publishing in paper and digital format.

Impresa's shares are listed in Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A..

These financial statements were approved for publication by the Board of Directors of Impresa on 2 March 20167

2. MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

The consolidated financial statements have been prepared on a going concern basis, from the accounting records of the companies included in the consolidation (Note 4), adjusted in accordance with the provisions of IAS/IFRS as endorsed by the European Union, which include the International Accounting Standards ("IAS") issued by the International Standards Committee ("IASC"), International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and related "SIC" and "IFRIC" interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and Standing Interpretation Committee ("SIC"). These standards are hereinafter referred to as "IFRS".

The Board of Directors made an evaluation of the Group's ability to continue as going concern, considering all the relevant information, facts and circumstances, of financial, commercial or other nature, including subsequent events to the date of the financial statements. As a result of this analysis, the Board of Directors concluded that the Group has the adequate financial resources to maintain its activities, there being no intentions to cease operations in the short term; therefore, it considered adequate the use of the going concern assumption in the preparation of the consolidated financial statements (Note 36.d).

Impresa adopted IFRS for the preparation of its consolidated financial statements for the first time in 2005 and so, in compliance with IFRS 1 – First-time Adoption of International Financial Reporting Standards ("IFRS 1"), the date of transition from Portuguese generally accepted accounting principles to IFRS rules was 1 January 2004.

Therefore, in compliance with IAS 1, Impresa declares that these consolidated financial statements and related notes comply with the requirements of IAS/IFRS as endorsed by the European Union, in force for years beginning on 1 January 2016.

2.2 Adoption of new and revised IAS/IFRS

The accounting policies used in the year ended 31 December 2016 are consistent with those used for the preparation of the consolidated financial statements of Impresa for the year ended 31 December 2015 and explained in the respective notes.

The following standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application for the first time in the year ended 31 December 2016:

(Amounts stated in Euros)

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendment to IAS 19 – Employee benefits – Employee contribution	01-fev-15	Clarifies under which circumstances employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits.
Improvements to international financial statement standards (2010-2012 cycle)	01-fev-15	These improvements involve the clarification of some aspects relating to: IFRS 2 – Share based payment: definition of the vesting condition; IFRS 3 – Business combinations: recording of contingent payments; IFRS 8 – Operating segments: disclosures relating to the judgment applied to the aggregation of segments and clarification of the need to reconcile total assets by segment with the amount of the assets in the financial statements; IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets: need to proportionately revalue accumulated amortization in the case of the revaluation of fixed assets; and IAS 24 – Related Parties disclosures: defines that an entity that renders management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value measurement: clarification relating to the measurement of short term receivables or payables.
Improvements to international financial statement standards (2012-2014 cycle)	01-jan-16	These improvements involve the clarification of some aspects relating to: IFRS 5 – Non-current assets held for sale and discontinued operations units: introduces guidelines on how to proceed in the case of changes as to the expected realization method (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impact of asset monitoring contracts under the disclosures relating to continued involvement of derecognized investments, and exempts the interim financial statements from the disclosures required relating to the compensation of financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to be used to discount defined benefits must be determined by reference to high quality bonds of companies issued in the currency that the benefits will be paid; and IAS 34 – Interim financial statements: clarification on the procedures to be used when the information is available in other documents issued together with the interim financial statements.
Amendment to IFRS 11 – Joint Arrangements – Recording of acquisitions of interests in joint arrangements	01-jan-16	This amendment relates to the acquisition of interests in joint operations. It establishes the requirement to apply IFRS 3 when the joint operation acquired consists of a business activity in accordance with IFRS 3. When the joint operation in question does not consist of a business activity, the transaction must be recorded as the acquisition of assets. This amendment is of prospective application to new acquisitions of interests.
Amendment to IAS 1 – Presentation of Financial Statements - "Disclosure initiative"	01-jan-16	This amendment clarifies some aspects relating to the disclosure initiative, namely: (i) the entity must not make it difficult to understand the financial statements by the aggregation of significant items with insignificant items or the aggregation of significant items of different natures; (ii) the disclosures specifically required by the IFRS need only to be provided if the information in question is significant; (iii) the lines in the financial statements specified by IAS 1 can be aggregated or segregated in accordance with what is significant in relation to the objectives of the financial reporting; (iv) the part of other comprehensive income resulting from the application of the equity method in associates and joint arrangements must be presented separately from the remaining elements of other comprehensive income, also segregating the items that can be reclassified to the statement of profit and loss from those that will not be reclassified; (v) the structure of the notes must be flexible, and should follow the following order: • a declaration of compliance with the IFRS's in the first section of the notes; • a description of the significant accounting policies in the second section; • supporting information for the items on the financial statements in the third section; and • other information in the fourth section.
Amendment to IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets – Acceptable depreciation and amortization methods	01-jan-16	This amendment establishes the presumption (that can be refuted) that income is not an appropriate basis for amortizing an intangible asset and forbids the use of income as a basis for depreciating tangible fixed assets. The presumption established for amortizing intangible assets can only be refuted when the intangible asset is expressed based on the income generated or when utilization of the economic benefits is significantly related to the income generated.
Amendment to IAS 27 – Application of the equity method on separate financial statements	01-jan-16	This amendment introduces the possibility of measuring interests in subsidiaries, joint arrangements and associates in separate financial statements in accordance with the equity method, in addition to the measurements methods presently existing. This change applies retrospectively.
Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosures of interests in Other Entities and IAS 28 – Investments in Associates and Jointly Controlled Entities	01-jan-16	These amendments clarify several aspects relating to the application of the exception consolidation by investment entities.

(Amounts stated in Euros)

The effect of adopting the above standards, interpretations and amendments on the Group's consolidated financial statements for the year ended 31 December 2016 was not significant.

The following standards, interpretations, amendments and revisions with mandatory application in future years were endorsed by the European Union up to the date of approval of these financial statements:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 9 – Financial Instruments (2009) and subsequent amendments	01-jan-18	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules.
IFRS 15 – Revenue from Contracts with customers	01-jan-18	This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts entered into with clients, substituting IAS 18 – Revenue, IAS 11 – Construction contracts; IFRIC 13 – Customer loyalty programmes; IFRIC 15 – Agreements for the constructing of real estate; IFRIC 18 – Transfer of assets from costumers and SIC 31 – Revenue – Barter transactions involving advertising

The Company did not apply any of these standards early in its financial statements for the year ended 31 December 2016. No significant impact on the consolidated financial statements is expected as a result of the adoption of the standards.

The following standards, interpretations, amendments and revisions applicable to future years have, to the date of approval of the accompanying financial statements, not been endorsed by the European Union:

Standard / Interpretation	Brief description
IFRS 16 – Leases	This standard introduces the principles for the recognition and measurement of leases, substituting IAS 17 – Leases. The standard defines a single model for recording lease contracts, which results in the recognition by the lessor of assets and liabilities for all lease contracts, except for those for periods of less than twelve months or for leases of assets of reduced value. Lessors will continue to classify leases between operating and finance leases, IFRS 16 not requiring substantial changes for such entities in relation to IAS 17.
Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Jointly Controlled Entities	These amendments eliminate the conflict existing between these standards, relating to the sale or the contribution of assets between the investor and the associate or between the investor and the joint arrangement.
Amendments to IAS 12 - Income tax	These amendments clarify the conditions for the recognition and measurement of tax assets resulting from unrealized losses.
Amendments to IAS 7 - Cash flows statement	These amendments introduce additional discolsures related financing activities cash-flows.
Amendments to IFRS 15 - Revenue from Contracts with customers	These amendments introduce several clarifications in the satndard in order to eliminate the possibility of arising diverse interpretations on several topics.
Amendments to IAS 40 - Investment Properties	These amendments clarify that the change of classification from or to investment property should only be made when there a re evidences of a change in the use of the asset.
Improvements to international financial statement standards (2012-2014 cycle)	These improvements involve the clarification of some aspects related to IFRS 1 - First time adoption of international financial reporting standards: eliminates some short term exemptions; IFRS 12 - Disclosure of interests in other entities: clarifies the scope of the standardas to its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 - Investments in Associates and Jointly Conrolled Entities: introduces clarifications over the fair value measurement of investments in associated or joint venutres held by venture capital companies or investment funds.
IFRIC 22 - Transactions in foreign currency and advances	This interpretation establishes the date for initial recognition of the advance or deferred income as the date of the transaction for the effects of determining the currency translation rate for revenue recognition.

These standards have not yet been endorsed by the European Union and so have not been applied by the Group in the year ended 31 December 2016. From the above referred standards, except for IFRS 16, the Group understands that their adoption will not lead to significant changes in its consolidated financial statements. In relation to IFRS 16, the Group will analyse its effects on the consolidated financial statements, being expected that part of its leases, eventually, may become being recorded as financial leases.

2.3 Consolidation principles

The consolidation methods used by the Group were as follows:

a) Controlled companies

The financial statements of all the companies controlled by the Group have been included in the accompanying consolidated financial statements by the full consolidation method. Control is considered to exist when the Group is exposed, or has rights, to variable returns resulting from its involvement with the participated companies and has the ability to affect those returns through the power it exercises over the companies. Shareholders' equity and net profit and loss of these companies corresponding to third party participation in them are presented separately in the consolidated statement of financial position and statement of comprehensive income under the caption "Non-controlling interest". The controlled companies included in the consolidated financial statements are listed in Note 4.

The assets and liabilities of subsidiaries are reflected at their respective fair values at the date of acquisition of the subsidiary. Any excess of cost over the fair value of identifiable net assets is recorded as goodwill. Where cost is lower than the fair value of the identified net assets, the difference is recognised as income in the consolidated statement of profit and loss and other comprehensive income for the year of the acquisition.

The results of subsidiaries acquired or sold during the year are included in the consolidated statement of profit and loss and other comprehensive income as from the date of their acquisition or up to the date of their sale.

Changes in the Group's participation in companies already controlled, which do not result in loss of control are recorded in equity. Consequently, the Group's interest and non-controlling shareholders' interest in these companies are adjusted so as to reflect the changes in the control of the subsidiaries. Differences between the non-controlling interests acquired or sold and the fair value of the purchase or sale, respectively, are recognized in equity.

Transactions, balances and dividends distributed between companies included in the consolidation are eliminated on consolidation. Capital gains resulting from the sale of participated companies within the Group are also eliminated in consolidation.

b) Associated companies

An associated company is one over which the Group has significant influence, but does not have control or joint control over decisions relating to their operating and financial policies.

Investments in associated companies (Note 5) are recorded in accordance with the equity method of accounting, except when the investment is classified as held for sale. Investments in associated companies are initially recorded at cost, which is subsequently increased or decreased by the difference between cost and the proportion of equity held in the companies, as of the acquisition date or the date the equity method is applied for the first time.

In accordance with the equity method, investments are periodically adjusted by the amount corresponding to the Group's share in the net results of the associated companies, by other changes in their equity, as well as by the recognition of impairment losses by corresponding entry to "Net financial gain and loss" (Note 14).

In addition, dividends received from these companies are recorded as decreases in the amount of the investment.

The Group suspends application of the equity method of accounting when the investment in the associated company is reduced to zero, and a liability is recognised only if the Group has a legal or constructive obligation to the associated company or to its creditors. If afterwards the associated company reports profits, the Group only resumes application of the equity method once its share of those profits equals the part of the losses not recognised.

The Group makes impairment assessments of investments in associated companies on an annual basis and whenever there are signs that the asset may be impaired, impairment losses being recognised as expenses. When impairment losses previously recognised cease to exist, they are reversed up to the limit of the impairment loss recognised.

Any excess of cost over the fair value of the identifiable net assets as of the date of acquisition is recorded as goodwill and included in the book value of the investment. Where cost is lower than the fair value of the identified net assets, the difference is recognised as income in the statement of profit and loss and other comprehensive income for the year of the acquisition.

Whenever necessary, adjustments are made to the financial statements of the associated companies to make them consistent with the accounting standards used by the Group.

c) Investments in other companies

Investments representing participations of less than 20%, for which there are no market references, are recorded at the lower of cost or estimated realizable value.

2.4 Goodwill

Goodwill corresponds to the excess of cost over the fair value of the identifiable assets and liabilities of a subsidiary as of its acquisition date. Where cost is lower than the fair value of the identifiable net assets, the difference is recognised as income in the statement of profit and loss and other comprehensive income for the year of the acquisition.

As a result of the exception established in IFRS 1, the Group did not apply retrospectively the provisions of IFRS 3 to acquisitions prior to 1 January 2004, and so goodwill arising on acquisitions prior to the transition to IFRS (1 January 2004) was maintained at the net book value as of that date determined in accordance with generally accepted accounting principles in Portugal.

Goodwill is recorded as an asset and is not amortised, being reflected separately on the statement of financial position. Goodwill is tested for impairment annually and whenever there are indications of a possible loss. Impairment losses are recorded immediately as costs in the statement of profit and loss and other comprehensive income and cannot be subsequently reversed (Note 17).

Goodwill is included in determining the gain or loss on the sale of a subsidiary.

2.5 Intangible assets

Intangible assets, which include software (except for that associated to tangible fixed assets), the cost of registering trademarks and titles, licenses and other rights of use, are recorded at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are only recognized when it is probable that they will generate future economic benefits for the Group, they are controllable and can be reliably measured.

Internal costs relating to maintenance and development of software are expensed as incurred in the statement of profit and loss and other comprehensive income, except where the development costs are directly related to projects which are expected to generate future financial benefits for the Group. In such situations, these costs are capitalised as intangible assets.

Intangible assets are amortized on a straight-line basis over their estimated useful lives, as from the time the assets are available for use, which varies from three to six years.

2.6 Tangible fixed assets

Tangible fixed assets acquired up to 1 January 2004 (date of transition to IFRS) are recorded at deemed cost, which corresponds to cost or restated cost based on price indices in accordance with tax legislation in force, less accumulated depreciation.

Fixed assets acquired after that date are stated at cost less accumulated depreciation and impairment losses. Acquisition cost is defined as the purchase price, plus related purchase expenses.

Estimated losses resulting from the replacement of equipment before the end of its useful life, due to technological obsolescence, are recognized as a decrease in the corresponding asset by corresponding entry to the statement of profit and loss and other comprehensive income for the year.

Current maintenance and repair costs are expensed as incurred. Improvements are only recognised as assets where they correspond to the replacement of assets which are written off, and result in increased future economic benefits.

Tangible fixed assets are depreciated from the time they become available for their intended use. Depreciation of cost less estimated residual value (if significant) is provided on a straight-line basis, from the month the asset becomes available for use, over the period of its expected useful life, as follows:

	Years
Buildings and other constructions	4 – 50
Machinery and equipment	3 – 10
Transport equipment	4 - 8
Administrative equipment	3 – 10
Other tangible fixed assets	4 – 8

2.7 Finance and operating leases

Leases are classified as (i) finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee and (ii) operating leases when the lease does not transfer substantially all the risks and rewards of ownership to the lessee.

Leases are classified as finance or operating leases based on the substance of the contracts rather than their form.

Tangible fixed assets acquired under finance lease contracts, as well as the corresponding liabilities, are recorded in accordance with the financial method. Under this method, the cost of the assets is recorded under tangible fixed assets, at the lower of the present value of the lease payments or their fair value at the inception of the lease, by corresponding entry to liabilities. The assets are depreciated in accordance with their estimated useful lives, the lease instalments being recorded as a reduction of the liability, and interest and depreciation of the asset are recognised as costs in the consolidated statement of profit and loss and other comprehensive income for the period to which they relate.

Operating lease instalments are charged to the consolidated statement of profit and loss and other comprehensive income on a straight-line basis over the term of the lease contract.

2.8 Investments properties

Investments properties consist essentially of land held for leasing, capital appreciation or both, and not for use in the production or supply of goods, rendering of services or for administrative purposes.

Investments properties are initially recorded at cost plus transaction costs, the Group having opted to maintain them at historical cost, less any impairment losses.

Maintenance, repair, insurance and tax costs, as well as any income realized on property investments are recognized in the consolidated statement of profit and loss and other comprehensive income for the period to which they relate.

2.9 Financial instruments

2.9.1 Trade and other receivables

Trade and other receivables classified as current assets are recorded at their nominal value which is understood to correspond to amortized cost, as they are expected to be received in the short term and this does not differ significantly from their fair value at the date they were contracted, less any impairment losses.

Impairment losses on trade and other receivables classified as current assets correspond essentially to the difference between the amount initially recognized and the estimated recoverable amount. The Group estimates impairment losses based on the age of the balances of the entities, the guarantees that may exist for each entity, the historical experience of each entity and information collected by the financial department relating to their financial situation and possible reasons for delays in their payments.

Trade and other receivables classified as non-current assets are recorded at amortized cost less eventual impairment losses. In measuring amortized cost the effective interest rate method was used, interest income having been applied over the expected life of the financial instruments, considering the contractual terms.

Impairment losses are recognized in the statement of profit and loss and other comprehensive income for the period in which they are estimated.

2.9.2 Cash and cash equivalents

Cash and cash equivalents comprise cash, and bank deposits which mature in less than three months that are readily convertible to cash with an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents also include bank overdrafts, reflected under the caption “Bank Borrowings” in the statement of financial position.

2.9.3 Payables

Payables are recorded at their nominal value and, where applicable, by their amount discounted for possible interest calculated in accordance with the effective interest rate method.

2.9.4 Bank borrowings

Bank borrowings are initially recognised at the amount received, net of expenses relating to their issuance and are subsequently measured at amortised cost. Any difference between the amount received (net of issuance costs) and the amount payable is recognised in the statement of profit and loss and other comprehensive income over the term of the borrowing using the effective interest rate method.

Borrowings that mature in less than twelve months are classified as current liabilities, unless the Group has the unconditional right to defer their settlement for more than twelve months after the date of the statement of financial position.

2.9.5 Derivative financial instruments

The Group uses derivative financial instruments to hedge the financial risks to which it is exposed as a result of variations in exchange rates. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group’s policies approved by the Board of Directors. Derivative financial instruments are measured at fair value.

The possibility of designating a financial instrument as a hedging instrument obeys the provisions of IAS 39, as regards its documentation and effectiveness.

The derivative financial instruments contracted by the Group, although contracted for hedging purposes in accordance with the Group's hedging policies, do not comply with all the provisions of IAS 39 as regards the possibility of qualifying for hedge accounting, so, the variation in their faie value are recognized in the statement of profit and loss and other comprehensive income for the period in which they occur.

2.10 Inventories and program broadcasting rights

Inventories are stated at the lower of cost or net realizable value, using the average cost method.

Net realizable value is estimated based on the Company's past experience in accordance with aging and inventory turnover criteria, considering also the possibility of their future use.

The Group records under the caption "Program broadcasting rights" the rights acquired from third parties to broadcast programs, by corresponding entry to the caption "Trade and other payables" when such rights come into force and the following conditions are met:

- The cost of the broadcasting rights is known or can be reasonably determined;
- The program contents have been accepted in accordance with the conditions established contractually; and
- The programs are available for broadcasting without restriction.

Program broadcasting rights correspond essentially to contracts or agreements with third parties for the broadcasting of soaps, films, series and other TV programs and are stated at specific acquisition cost. The cost of programs is recognized in the statement of profit and loss and other comprehensive income when the programs are broadcasted, considering the estimated number of broadcasts and estimated benefits of each broadcast.

In addition, advances made for the purchase of contents are recorded in the caption "Program broadcasting rights" by corresponding entry to "Trade and other payables".

Future financial commitments for the acquisition of programs are shown in Note 33.2.

Impairment losses (Notes 22 and 29) are recognised whenever the book value of inventories or broadcasting rights is greater than their estimated recoverable amount.

2.11 Provisions and contingent liabilities

Provisions are recognized when the Group has a present (legal or implied) obligation resulting from a past event, the resolution of which will probably require expending internal resources, the amount of which can be reasonably estimated.

Provisions for restructuring costs are only recognized when a detailed formal plan exists identifying the main characteristics of the plan, after the plan has been communicated to the entities involved.

The amount of provisions is reviewed and adjusted at the date of each statement of financial position so as to reflect the best estimate at that time.

When any of the above conditions is not met, the corresponding contingent liability is not recorded but only disclosed (Note 32), unless a future outflow of funds affecting future financial benefits is remote, in which case it is not disclosed.

2.12 Pension liability

Some of the Group companies have assumed the commitment to grant some of their employees and remunerated Board Members hired up to 5 July 1993, pension supplements for retirement due to age and incapacity. The pensions consist of a percentage which increases with the number of years of service to the company, applied to the salary table, or a fixed percentage applied to the base salary in force in 2002.

The liability for the payment of retirement, incapacity and survivor pensions is recorded in accordance with the provisions of IAS 19, which requires companies with pension plans to recognise the cost of granting such benefits as the services are rendered by the benefiting employees and board members.

Therefore, at the end of each accounting period the Group obtains an actuarial study made by an independent entity, in order to determine its liability at that date and the pension cost to be recognised in the period. The liability thus estimated is compared with the market value of the pension fund assets in order to determine the amount of contributions to be made or recorded.

The effect of changes in the assumptions and differences between the assumptions used and the actual amounts is considered as actuarial gain and loss, recorded under equity (other comprehensive income).

2.13 Income tax

Income tax for the year consists of current tax and deferred tax and is recorded in accordance with the provisions of IAS 12.

Impresa is covered by the special regime for the taxation of groups of companies (Regime Especial de Tributação dos Grupos de Sociedades - “RETGS”)), which covers all the companies in which Impresa has a direct or indirect participation of at least 75% and comply with the other conditions of the regime. The other participated companies not covered by the special regime for the taxation of groups of companies are taxed individually based on their taxable income at the applicable tax rates.

In determining income tax cost for the year, in addition to current tax, the effect of deferred tax is also considered, calculated based on the variation between years of the difference between the book value of assets and liabilities at the end of each year and their corresponding value for tax purposes.

As established in the above rules, deferred tax assets are only recognized when there is reasonable assurance that they can be recovered in the future. At the end of each year, an assessment is made of deferred tax assets, and they are reduced whenever their future recovery stops being probable.

2.14 Subsidies

State subsidies received are recognized when there is reasonable certainty that they will be received and the Group companies will comply with the conditions required for their concession.

Operating subsidies are recognised in the statement of profit and loss and other comprehensive income in accordance with the the corresponding costs incurred.

Investment subsidies relating to the acquisition of assets are recorded as deferred income, being recognized as income for the year on a systematic basis over the useful life of the assets.

2.15 Revenue

Revenue from sales (relating mainly from the sale of newspapers, magazines, books and other publications) is recognised in the consolidated statement of profit and loss and other comprehensive income when all the risks and rewards of ownership are transferred to the buyer and the corresponding income can be reasonably quantified. Returns are recorded as a reduction of sales for the period to which they relate. Sales are recognized net of taxes, discounts and other costs relating to their realization.

Income from subscriptions to regular publications is deferred over the subscription period.

Income from services rendered (essentially the sale of advertising space in newspapers, magazines, television and the Internet, and from value added services) is recognised in the consolidated statement of profit and loss and other comprehensive income when the advertising is inserted or broadcasted. A significant part of the sale of advertising space in open-air television results from the broadcasting of commercial advertisements, for which, the revenues generated depends on the audience reached, considering the profile of the commercial target contracted by the advertiser. Services rendered are recognised net of taxes, discounts and other costs relating to their realisation. The main commercial discounts granted to the main customers of the Group are dependent on the level of advertising investment made by them, as well as other conditions agreed between the parties.

Income relating to the ceding of broadcasting rights of the general channel and theme channels, essentially to cable television operators, is recognized in the consolidated statement of profit and loss and other comprehensive income over the period they are ceded.

Income relating to the ceding of transmission rights of programs or of the rights of the respective formats to third parties is recognized in the consolidated statement of profit and loss and other comprehensive income when the risks and benefits are transferred and the income can be reliably estimated and is probable.

In summary:

Income	Classification	Time of recognition
Sale of publications	Sales	When the publications are on the stands or made available in digital platform
Sale of books and other publications	Sales	When the publications are on the stands or made available in digital platform
Broadcasting of advertisements	Services rendered	When the advertising is broadcasted
Publication of advertisements	Services rendered	When the advertising is published
Value added services related to contests and initiatives with phone participation	Services rendered	When the services are rendered
Broadcasting rights on channels	Services rendered	When the rights are ceded
Broadcasting rights ceded	Services rendered	In the moment the rights are ceded

2.16 Accruals basis

Costs and income are recorded in the period to which they relate, independently of when they are paid or received. Where the amount of costs and revenue is not known it is estimated.

Interest and financial income are recognized on an accruals basis in accordance with the applicable effective interest rate.

2.17 Impairment of assets, excluding goodwill

The Group makes impairment tests of its assets whenever events or changes in circumstances are identified that indicate that the amount of an asset may not be recovered. Where such indications exist, the recoverable amount of the asset is estimated in order to determine the amount of any impairment loss.

The recoverable amount is estimated for each asset individually or, when this is not possible, for the cash flow generating unit to which the asset belongs.

The recoverable amount is the higher of net selling price and value of use. Net selling price is the amount that could be obtained from the sale of the asset in a transaction between knowledgeable independent entities, less the costs directly attributable to the sale. Value in use is the present value of the estimated future cash flows discounted based on discount rates that reflect the present value of the capital and the specific risk of the assets.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised in the consolidated statement of profit and loss and other comprehensive income for the period to which it refers. When an impairment loss is subsequently reversed the book value of the asset is adjusted to its estimated value. However, impairment losses are reversed only up to the amount that would have been recognised had no impairment loss been recognised for the asset, net of amortisation or depreciation, in prior years. The reversal of impairment losses is recognised immediately in the consolidated statement of profit and loss and other comprehensive income.

2.18 Foreign currency balances and transactions

Foreign currency assets and liabilities are translated to Euros at the exchange rates prevailing as of the date of the consolidated statement of financial position, published by financial institutions. Exchange gains and losses arising from differences between the historical exchange rates and those prevailing at the date of collection, payment or at the date of the consolidated statement of financial position are recorded as income or costs in the consolidated statement of profit and loss and other comprehensive income for the period.

2.19 Classification in the statement of financial position

Assets realizable and liabilities payable in less than one year from the date of the consolidated statement of financial position are classified as current assets and liabilities, respectively.

(Amounts stated in Euros)

2.20 Subsequent events

Events that occur after the year end that provide additional information of conditions that existed at the statement of financial position date are reflected in the consolidated financial statements.

Events that occur after the year end that provide additional information of conditions that occurred after the statement of financial position date, if material, are disclosed in the notes to the consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

In the year ended 31 December 2016, there were no changes in accounting policies in relation to those used in the consolidated financial statements for the year ended 31 December 2015, nor were material errors relating to prior periods recognized.

The more significant accounting estimates reflected in the consolidated financial statements as of 31 December 2016 and 2015 include:

- Impairment analysis of goodwill;
- The recording of provisions;
- Useful lives of tangible fixed assets;
- Dates of broadcasting of program exhibition rights;
- Impairment adjustments of receivables;
- Definition of technical actuarial assumptions and bases;
- Analysis of the value of unlisted financial instruments.

The revision of a prior period estimate is not considered as an error. Changes in estimates are only recognized prospectively in results and are subject to disclosure when the effect is significant. Estimates are determined based on the best information available at the time of preparing the consolidated financial statements.

4. COMPANIES INCLUDED IN THE CONSOLIDATION

The companies included in the consolidation by the full consolidation method, their head offices and the proportion of capital effectively held in them at 31 December 2016 and 2015 are as follows:

			Percentage effectively held	
Company	Head office	Main activity	2016	2015
Impresa - Sociedade Gestora de Participações Sociais, S.A. (empresa - mãe)	Lisbon	Holding company	Parent	Parent
Impresa Publishing, S.A. ("Impresa Publishing")	Paço de Arcos	Publishing	100.00%	100.00%
Medipress - Sociedade Jornalística e Editorial, Lda. ("Medipress") (a)	Paço de Arcos	Publishing	-	100.00%
SIC - Sociedade Independente de Comunicação, S.A. ("SIC")	Carnaxide	Television	100.00%	100.00%
GMTS - Global Media Technology Solutions - Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda. ("GMTS")	Carnaxide	Rendering of services	100.00%	100.00%
InfoPortugal - Sistemas de Informação e Conteúdos, S.A. ("InfoPortugal")	Matosinhos	Multimedia production	100.00%	100.00%
Impresa Service & Office Share - Gestão de Imóveis e Serviços, S.A. ("IOSS")	Paço de Arcos	Management of real estate and services	100.00%	100.00%

(a) Medipress was merged into Impresa Publishing with effects from 1 January 2016.

(Amounts stated in Euros)

5. ASSOCIATED COMPANIES

Investments in associated companies are recorded in accordance with the equity method. Their head offices and the proportion of capital effectively held in them by the Group at 31 December 2016 and 2015 are as follows:

Company	Head office	Percentage effectively held 2016	Percentage effectively held 2015
Vasp – Distribuidora de Publicações, S.A. (“Vasp”) (a)	Cacém	33.33%	33.33%
Lusa – Agência de Notícias de Portugal, S.A. (“Lusa”) (a)	Lisbon	22.35%	22.35%
Visapress - Gestão de Conteúdos dos Media, C.R.L. ("Visapress") (b)	Lisbon	21.43%	21.43%

(a) These participations are held directly by Impresa.

(b) Management of contents cooperative participated by Impresa, Medipress and Impresa Publishing. Since, as of 31 December 2016 the financial statements of this entity do not yet exist, the equity method was not applied. The Group believes that this effect is not significant for the presentation of its consolidated results.

6. OTHER COMPANIES

The investments in other companies and the proportion of capital held in them by the Group at 31 December 2016 and 2015 are as follows:

Company	Percentage effectively held 2016	Percentage effectively held 2015
NP - Notícias de Portugal, C.R.L. (“NP”) (a)	10.71%	10.71%
Nexponor (b)	0.001%	0.001%

(a) Participation held by Impresa Publishing and SIC.

(b) Participation acquired by Impresa in April 2013.

These investments are recorded at the lower of acquisition cost or estimated realizable value.

7. CHANGES IN THE GROUP

The following changes took place in the Group’s consolidation perimeter in the year ended 31 December 2016:

- In December 2016, Medipress was merged into Impresa Publishing, with retroactive effect from 1 January 2016.

The following changes took place in the Group’s consolidation perimeter in the year ended 31 December 2015:

- In March 2015, Impresa Serviços e Multimédia – Sociedade Unipessoal, Lda. (“ISM”) was merged into Impresa, with retroactive effect from 1 January 2015.

8. SEGMENT REPORTING

The segments identified by the Group are based on identification of the segments in accordance with the financial information reported internally to the Board of Directors that supports it in the assessment of the performance of the businesses and the decisions making as to the allocation of resources to be used. The segments identified by the Group for segment reporting purposes are therefore consistent with the form in which the Board of Directors analyses its business.

Therefore, the Group identified the following reporting segments:

Television – The Group is the sole shareholder of SIC which broadcasts in free-to-air and by cable, under broadcasting licences, the television channels “SIC”, “SIC Notícias”, “SIC Radical”, “SIC Internacional”, “SIC Mulher”, SIC K and SIC Caras. In addition, the Group includes GMTS in this segment.

Publishing – The Group publishes a wide range of newspapers and magazines covering several themes, including business, politics and society, namely, among others, the weekly newspaper “Expresso”, and the magazines “Visão”, “Exame” and “Caras”.

Others – Includes the Group’s holding company, IOSS and InfoPortugal that operates in the geographic information systems area (SIG).

In the Publishing segment, sales to VASP Group contributed 8.8% and 9.2%, respectively, of the Group’s revenue reflected in the statement of profit and loss and other comprehensive income for the years ended 31 December 2016 and 2015, corresponding to 18,226,459 Euros Euros and 21,283,269 Euros, respectively (Note 34). VASP is an intermediary between the publishers and the distribution network to the final customer, in which Impresa has a 33.33% participation (Note 5). In addition, advertising revenue results essentially from purchases from Group companies by five media centrals that operate as intermediaries between the advertiser and the social communication entities.

Inter-segment transactions are recorded using the same principles as transactions with third parties. The accounting policies of each segment are the same as those of the Group.

(Amounts stated in Euros)

a) Reporting by main segment – Business segment:

At 31 December 2016:

	Television	Publishing	Other	Total segments	Eliminations	Consolidated total
Operating revenue						
Services rendered - external costumers	154,604,097	22,742,037	1,897,641	179,243,775	-	179,243,775
Services rendered - intersegment	441,132	50,560	6,177,947	6,669,639	(6,669,639)	-
Sales - external costumers	-	25,117,542	-	25,117,542	-	25,117,542
Other operating revenue - external costumers	1,062,621	514,495	58,657	1,635,773	-	1,635,773
Other operating revenue - intersegment	84,636	-	-	84,636	(84,636)	-
Total operating revenue	156,192,486	48,424,634	8,134,245	212,751,365	(6,754,275)	205,997,090
Operating costs						
Cost of programs broadcast and goods sold	(74,536,454)	(6,156,131)	-	(80,692,585)	-	(80,692,585)
External supplies and services	(36,167,224)	(22,260,511)	(4,127,961)	(62,555,696)	6,754,275	(55,801,421)
Personnel costs	(25,374,928)	(19,582,141)	(6,708,091)	(51,665,160)	-	(51,665,160)
Depreciation and amortization of tangible and intangible fixed assets	(2,738,050)	(119,515)	(643,680)	(3,501,245)	-	(3,501,245)
Impairment losses (Notes 20 and 29)	-	-	(30,000)	(30,000)	-	(30,000)
Provisions (Note 29)	(310,335)	(336,803)	-	(647,138)	-	(647,138)
Other operating costs	(906,417)	(163,648)	(564,823)	(1,634,888)	-	(1,634,888)
Total operating costs	(140,033,408)	(48,618,749)	(12,074,555)	(200,726,712)	6,754,275	(193,972,437)
Operating profit/(loss)	16,159,078	(194,115)	(3,940,310)	12,024,653	-	12,024,653
Financial items:						
Gain and loss on associated companies	-	-	(139,978)	(139,978)	-	(139,978)
Other financial items	(1,567,190)	(364,467)	(5,260,844)	(7,192,501)	-	(7,192,501)
	(1,567,190)	(364,467)	(5,400,822)	(7,332,479)	-	(7,332,479)
Operating profit/(loss) before taxes	14,591,888	(558,582)	(9,341,132)	4,692,174	-	4,692,174
Income tax	(3,739,620)	119,832	1,687,509	(1,932,279)	-	(1,932,279)
Profit/(loss) per segment	10,852,268	(438,750)	(7,653,623)	2,759,895	-	2,759,895

At 31 December 2015:

	Television	Publishing	Other	Total segments	Eliminations	Consolidated total
Operating revenue						
Services rendered - external costumers	170,979,748	26,744,710	1,997,797	199,722,255	-	199,722,255
Services rendered - intersegment	718,203	20,184	5,739,880	6,478,267	(6,478,267)	-
Sales - external costumers	-	28,054,742	-	28,054,742	-	28,054,742
Other operating revenue - external costumers	1,862,080	952,288	331,041	3,145,409	-	3,145,409
Other operating revenue - intersegment	84,501	-	-	84,501	(84,501)	-
Total operating revenue	173,644,532	55,771,924	8,068,718	237,485,174	(6,562,768)	230,922,406
Operating costs						
Cost of programs broadcast and goods sold	(75,114,797)	(7,396,588)	-	(82,511,385)	-	(82,511,385)
External supplies and services	(45,343,937)	(24,959,772)	(3,581,100)	(73,884,809)	6,562,768	(67,322,041)
Personnel costs	(27,660,865)	(19,435,914)	(8,801,640)	(55,898,419)	-	(55,898,419)
Depreciation and amortization of tangible and intangible fixed assets	(2,918,537)	(297,717)	(628,751)	(3,845,005)	-	(3,845,005)
Provisions (Note 29)	(450,689)	(144,000)	-	(594,689)	-	(594,689)
Other operating costs	(1,347,819)	(207,158)	(496,254)	(2,051,231)	-	(2,051,231)
Total operating costs	(152,836,644)	(52,441,149)	(13,507,745)	(218,785,538)	6,562,768	(212,222,770)
Operating profit/(loss)	20,807,888	3,330,775	(5,439,027)	18,699,636	-	18,699,636
Financial items:						
Gain and loss on associated companies	-	-	(19,338)	(19,338)	-	(19,338)
Other financial items	(4,632,483)	(907,582)	(6,425,671)	(11,965,736)	-	(11,965,736)
	(4,632,483)	(907,582)	(6,445,009)	(11,985,074)	-	(11,985,074)
Operating profit/(loss) before taxes	16,175,405	2,423,193	(11,884,036)	6,714,562	-	6,714,562
Income tax	(4,322,121)	(633,808)	2,269,026	(2,686,903)	-	(2,686,903)
Profit/(loss) per segment	11,853,284	1,789,385	(9,615,010)	4,027,659	-	4,027,659

(Amounts stated in Euros)

Assets, liabilities and other significant information by segment and reconciliation to the consolidated totals are as follows:

At 31 December 2016:

	Television	Publishing	Other	Total of segments	Eliminations	Consolidated total
Goodwill	17,499,139	32,270,000	251,123,682	300,892,821	-	300,892,821
Investments	6,235	12,470	3,649,189	3,667,894	-	3,667,894
Other assets	90,161,174	16,298,015	17,384,719	123,843,908	(14,420,687)	109,423,221
Total assets	107,666,548	48,580,485	272,157,590	428,404,623	(14,420,687)	413,983,936
Bank borrowings	18,568,958	7,378,494	160,379,196	186,326,648	-	186,326,648
Other liabilities	65,407,316	18,475,037	13,953,937	97,836,290	(14,420,687)	83,415,603
Total liabilities	83,976,274	25,853,531	174,333,133	284,162,938	(14,420,687)	269,742,251
Other information:						
Increases in tangible fixed assets (Note 19)	2,153,918	91,863	1,448,750	3,694,531	-	3,694,531
Depreciation and amortization for the year	2,738,055	119,516	643,674	3,501,245	-	3,501,245
Impairment losses except goodwill (Note 29)	346,779	-	82,586	429,365	-	429,365
Reversal of impairment losses (Note 29)	78,946	59,826	7,826	146,597	-	146,597
Utilization of impairment losses (Note 29)	-	279,863	-	279,863	-	279,863
Average number of personnel	574	398	131	1,103		1,103

At 31 December 2015:

	Television	Publishing	Other	Total of segments	Eliminations	Consolidated total
Goodwill	17,499,139	32,270,000	251,123,682	300,892,821	-	300,892,821
Investments	6,235	12,470	4,019,167	4,037,872	-	4,037,872
Other assets	84,140,930	16,729,188	27,782,382	128,652,500	(30,109,486)	98,543,014
Total assets	101,646,304	49,011,658	282,925,231	433,583,193	(30,109,486)	403,473,707
Bank borrowings	17,163,070	3,950,958	155,201,252	176,315,280	-	176,315,280
Other liabilities	60,121,340	18,355,147	37,018,562	115,495,049	(30,109,486)	85,385,563
Total liabilities	77,284,410	22,306,105	192,219,814	291,810,329	(30,109,486)	261,700,843
Other information:						
Increases in tangible fixed assets (Note 19)	2,949,930	97,422	258,856	3,306,208	-	3,306,208
Depreciation and amortization for the year	2,918,537	297,717	628,751	3,845,005	-	3,845,005
Impairment losses except goodwill (Note 29)	870,839	14,931	-	885,770	-	885,770
Reversal of impairment losses (Note 29)	32,191	30,395	3,185	65,770	-	65,770
Utilization of impairment losses (Note 29)	129,420	214,911	-	344,331	-	344,331
Average number of personnel	591	408	127	1,126		1,126

The column "Others" corresponds essentially to assets and liabilities recorded by Impresa whose activities consist essentially of managing investments, and so the corresponding assets include goodwill relating to the television, publishing and others segments in the amounts of 228,524,334 Euros, 20,130,334 Euros and 2,469,014 Euros, respectively, as well as the corresponding liabilities, namely bank loans used to acquire the investments.

b) Reporting by secondary segments – Geographic markets:

Operating revenue by geographic market for the years ended 31 December 2016 and 2015 were as follows:

	Portugal		Other markets		Consolidated total	
	2016	2015	2016	2015	2016	2015
Services rendered	172,768,723	188,376,907	6,475,052	11,345,348	179,243,775	199,722,255
Sales	25,111,552	27,997,863	5,990	56,879	25,117,542	28,054,742
Other operating income	1,635,774	3,145,409	-	-	1,635,773	3,145,409
Total operating income	199,516,049	219,520,179	6,481,042	11,402,227	205,997,090	230,922,406

At 31 December 2016 and 2015 there were no acquisitions of non-current assets relating to the segment "Other markets". In addition, more than 99% of the Group's assets and liabilities at 31 December 2016 and 2015 relate to the Portugal geographic segment.

(Amounts stated in Euros)

9. SERVICES RENDERED AND SALES BY ACTIVITY

Services rendered and sales for the years ended 31 December 2016 and 2015 were as follows:

	2016	2015
Services rendered:		
Television		
Publicity	94,669,054	93,892,439
Subscription to channels	43,488,469	50,423,742
Others (a)	16,446,574	26,663,567
	154,604,097	170,979,748
Publishing:		
Publicity	21,514,731	25,582,043
Others	1,227,306	1,162,667
	22,742,037	26,744,710
Others:		
Digital mapping	978,844	682,092
Others	918,797	1,315,705
	1,897,641	1,997,797
Total services rendered	179,243,775	199,722,255
Sales:		
Publications	23,019,578	25,002,256
Others - publishing	2,097,964	3,052,486
Total sales	25,117,542	28,054,742
Total services rendered and sales	204,361,317	227,776,997

(a) This caption includes essentially income from contests and telephone participation initiatives and the sale of contents.

10. OTHER OPERATING REVENUE AND COSTS

Other operating revenue for the years ended 31 December 2016 and 2015 was as follows:

	2016	2015
Reversal of provisions (Note 29.2)	686,522	1,783,237
Supplimentary income and other operating gains (a)	602,160	1,123,880
Subsidies	200,494	172,522
Reversal of impairment losses (Note 29.1)	146,597	65,770
	1,635,773	3,145,409

(a) In 2016 and 2015 this caption corresponded essentially to income received from sponsorships.

Other operating costs for the years ended 31 December 2016 and 2015 were as follows:

	2016	2015
Impairment losses on receivables (Note 29.1)	399,365	885,770
Taxes	935,900	844,107
Subscriptions	163,887	192,858
Other operating costs	135,736	128,496
	1,634,888	2,051,231

(Amounts stated in Euros)

11. COST OF PROGRAMS BROADCAST AND GOODS SOLD

The cost of programs broadcast and goods sold in the years ended 31 December 2016 and 2015 was as follows:

	2016	2015
Programs broadcast	74,536,454	75,114,797
Raw materials consumed	5,068,538	5,934,574
Merchandise sold	1,087,593	1,462,014
	80,692,585	82,511,385

12. SUPPLIES AND SERVICES

This caption for the years ended 31 December 2016 and 2015 was made up as follows:

	2016	2015
Subcontracts	13,597,231	17,012,482
Specialized work	10,343,706	10,320,414
Prizes to be given	6,340,142	10,068,152
Communication	7,269,918	8,135,567
Maintenance and repairs	4,038,225	4,528,264
Publicity and propaganda	2,797,169	3,986,440
Lease and rent	3,129,453	3,388,937
Royalties	223,768	1,376,122
Fees	3,337,858	3,298,789
Others	4,723,951	5,206,874
	55,801,421	67,322,041

The variation in the captions “Subcontracts” and “Prizes to be given” occured in the year ended 31 December 2016, compared to 2015, results from the renegotiation of contracts for the ceeding of transmission rights to cable operatores and to the reduction of the activity related to contests and initiatives with phone participation, respectively.

13. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2016 and 2015 are made up as follows:

	2016	2015
Salaries	39,410,508	41,944,316
Charges on remuneration and other personnel costs	9,672,134	10,200,847
Indemnities	2,582,518	3,753,256
	51,665,160	55,898,419

The average number of employees of the companies included in the consolidation in 2016 and 2015 was 1,103 and 1,126, respectively.

(Amounts stated in Euros)

14. NET FINANCIAL EXPENSES

Net financial expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	2016	2015
Loss and gain on associated companies: (a)		
Loss on associated companies	(372,572)	(268,253)
Gain on associated companies	232,594	248,915
	(139,978)	(19,338)
Interest and other financial costs:		
Interest	(5,943,168)	(7,401,584)
Exchange losses (b)	(311,164)	(3,561,444)
Other financial costs (c)	(1,033,523)	(1,031,131)
	(7,287,855)	(11,994,159)
Other financial income:		
Interest	78,188	14,723
Exchange gain	14,128	8,323
Financial discount received	3,038	3,360
Other financial income	-	2,017
	95,354	28,423
Net financial expenses	(7,332,479)	(11,985,074)

(a) This caption is made up as follows:

	2016	2015
Vasp (Note 20)	232,594	248,716
Lusa (Note 20)	(372,572)	(268,253)
Other (Note 20)	-	199
	(139,978)	(19,338)

(b) The variation in the caption “Exchange losses” in the years ended 31 December 2016 and 2015 is related essentially to valorization of the US Dollar in relation to the Euro, given that the Group maintains a recurring significant amount of accounts payable in USD. In addition, the Group only contracted derivated instruments (exchange rate forwards) to hedge the exchange rates variations in that currency in the first semester of 2016; therefore, both in the second semester of 2016 and in 2015 the Group did not contract any derivative instrument to hedge exchange differences in that currency.

(c) This caption corresponds essentially to bank charges.

15. DIFFERENCES BETWEEN ACCOUNTING AND TAX RESULTS

Impresa is subject to Corporation Income Tax under the Special Regime for the Taxation of Groups of Companies (Regime Especial de Tributação dos Grupos de Sociedades - “RETGS”) together with its subsidiaries: Impresa Publishing, SIC, GMTS, IOSS and Infoportugal.

Impresa and its subsidiaries are subject to corporate income tax at the rate of 21% of taxable income. In addition, taxation is increased by a Municipal Surcharge of up to 1.5% of taxable income, resulting in a maximum aggregate tax rate of 22.5%.

In addition, taxable income exceeding 1,500,000 Euros is subject to State surcharge at the following rates:

- 3% on taxable profit from 1,500,000 Euros to 7,500,000 Euros;
- 5% for taxable profit from 7,500,000 Euros to 35,000,000 Euros;
- 7% on taxable profit exceeding 35,000,000 Euros.

Net financial costs for 2016 are deductible for determining the Group’s annual taxable income up to the greater of the following limits:

- 1,000,000 Euros;
- 40% of the profit before amortization and depreciation, net financial costs and taxes.

(Amounts stated in Euros)

Furthermore, in 2017 the deduction of net financial costs for purposes of determining taxable income is limited to the greater of the following limits:

- 1,000,000 Euros;
- 30% of the result before depreciation and amortization, net financial costs and taxes.

In accordance with article 88 of the Corporation Income Tax Code, the Group is subject to autonomous taxation of certain charges at the rates established in the article.

The Impresa Group's Board of Directors believes that possible corrections to the tax returns resulting from revisions/inspections by the Tax Administration will not have a significant effect on the consolidated financial statements as of 31 December 2016 and 2015.

Current tax assets and liabilities at 31 December 2016 and 2015 are made up as follows:

	2016	2015
Current tax assets		
Estimated tax	-	(2,323,918)
Additional payments on account	-	905,274
Payments on account	-	2,773,336
Special payments on account	-	34,448
Withholdings at source	-	305,344
	-	1,694,484
Current tax liabilities		
Estimated tax	2,126,783	-
Additional payments on account	(499,452)	-
Payments on account	(953,034)	-
Special payments on account	(17,906)	-
Withholdings at source	(402,590)	-
	253,801	-

The Group records deferred taxes resulting from temporary differences between the accounting and tax bases of its assets and liabilities. The following deferred tax assets were recognized at 31 December 2016 and 2015:

(a) Temporary differences – Changes in deferred tax assets

31 December 2016:

	Deferred tax assets				
	Impairment losses on receivables	Provisions for other risks and charges	Impairment losses on investments properties	Other	Total
Balance at 31 December 2015	282,492	266,231	65,869	6,316	620,908
Increase/(decrease)	97,914	105,921	-	(6,316)	197,519
Balance at 31 December 2016	380,406	372,152	65,869	-	818,427

(Amounts stated in Euros)

31 December 2015:

	Deferred tax assets				
	Impairment losses on receivables	Provisions for other risks and charges	Impairment losses on investments properties	Other	Total
Balance at 31 December 2014	319,260	592,369	65,869	6,316	983,814
Increase/(decrease)	(36,768)	(326,138)	-	-	(362,906)
Balance at 31 December 2015	282,492	266,231	65,869	6,316	620,908

(b) Temporary differences – Changes in deferred tax liabilities

31 December 2016:

	Pension plan
Balance at 31 December 2015	396,946
Increase/(decrease) affecting other comprehensive income	(84,505)
Increase/(decrease) affecting profit and loss	3,015
Balance at 31 December 2016	315,456

31 December 2015:

	Pension plan
Balance at 31 December 2014	353,515
Increase/(decrease) affecting other comprehensive income	43,352
Increase/(decrease) affecting profit and loss	79
Balance at 31 December 2015	396,946

In accordance with current legislation, tax losses can be carried forward during a period of 12 years after their occurrence for deduction from taxable income generated in that period, limited to 70% of the Group's taxable income in each year, applicable also to tax losses incurred in prior years. At 31 December 2016 and 2015 the Group did not have tax losses carried forward.

c) Reconciliation of the tax rate

Income tax for the years ended 31 December 2016 and 2015 was as follows:

	2016	2015
Pre-tax profit	4,692,174	6,714,562
Nominal tax rate	21%	21%
	985,357	1,410,058
Permanent differences	(60,241)	147,581
Adjustments to income tax (i)	309,412	322,531
Municipal and State Surcharge	697,751	806,733
Income tax	1,932,279	2,686,903
Current tax	2,126,783	2,323,918
Deferred tax for the year	(194,504)	362,985
	1,932,279	2,686,903

(i) This amount corresponds to the autonomous taxation of certain expenses.

(Amounts stated in Euros)

16. EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2016 and 2015 were computed based on the following information:

	2016	2015
Number of shares		
Weighted average number of shares for purposes of computing basic earnings per share (Note 26)	168,000,000	168,000,000
Earnings		
Earnings for purposes of computing basic earnings per share (net profit for the year)	2,759,895	4,027,659
Earnings for purposes of computing comprehensive earnings per share (comprehensive income for the year)	2,468,821	4,176,986
Earnings per share:		
Basic	0.0164	0.0240
Diluted	0.0164	0.0240
Comprehensive income for the year per share:		
Basic	0.0147	0.0249
Diluted	0.0147	0.0249

There were no diluting effects in the years ended 31 December 2016 and 2015 and so the basic and diluted earnings per share are the same.

17. GOODWILL

There were no changes in the caption goodwill in the years ended 31 December 2016 and 2015.

Goodwill at 31 December 2016 and 2015 is made up as follows:

Empresa	2016	2015
Television:		
Recorded by the holding companies	228,524,334	228,524,334
Recorded by SIC	17,499,139	17,499,139
	246,023,473	246,023,473
Publishing:		
Recorded by Impresa Publishing (a)	32,270,000	32,270,000
Recorded by the holding companies	20,130,334	20,130,334
	52,400,334	52,400,334
Infoportugal:		
Recorded by Impresa	2,065,500	2,065,500
Recorded by InfoPortugal	403,514	403,514
	2,469,014	2,469,014
	300,892,821	300,892,821

(a) Until 31 December 2015, this amount was recorded by Medipressm and was included to the cash generating unit Magazines. In Deccember 2016, Medipress was merged into Impresa Pubslishing, with retroactive affects from 1 January 2016 (Nota 7).

In compliance with the provisions of IFRS 3, the Group makes impairment tests of goodwill at 31 December of each year or whenever there are indications of impairment. For purposes of impairment tests, goodwill has been attributed to the identified cash generating units, considering, as a cash generating unit, the smallest identifiable group of cash generating assets that are largely independent of the cash flow of other assets or groups of assets. As a result of the restructuring process implemented within the publishing segment in 2016 and 2015, which included the merger of Medipress into Impresa Publishing, several decisions were implemented with the purpose of increasing the existing synergies in this business segment, and consequently, the Group started considering this as the smallest identifiable group of assets generating cash in-flows independent from the remaining, which is consistent with the business performance evaluation and decision making in the attribution of used resources, as identified in the segment reporting (Note 8). Therefore, the cash generating units magazines and newspapers that until 2015 were identified as such, in 2016 became being identified as a single unit, called Publishing.Thus, for these effects, the cash generating units to which goodwill was attributed, were the following:

- Television: corresponding to the generalist channel SIC, the theme channels SIC Notícias, SIC Mulher, SIC Radical, SIC K, SIC Internacional and SIC Caras owned by the legal entity SIC, and to GMTS;

- Publishing: corresponding to the titles Expresso, Caras, Visão, Exame, TV Mais, Activa, Blitz, Telenovelas, among others, under paper and digital format, which are owned by the legal entity Impresa Publishing;

- InfoPortugal: corresponding essentially to the digital mapping business, including also goodwill of Olhares.com recorded by Infoportugal since, as a result of the merger between the two companies, they became included in a single cash generating unit.

Approach used to determine the amounts attributed to key assumptions

As of 31 December 2016 and 2015, the Group requested a specialised external entity to test impairment of goodwill of Television and Publishing (magazines and newspapers in 2015), as they are the most significant amounts and are considered to be the more complex for determination of the recoverable amount. The Group made internal tests of the impairment of goodwill of the remaining cash generating units.

The discounted cash flow method was used to test impairment of goodwill, based on cash flow projections for five years for each cash generating unit, a perpetuity being considered as from the fifth year.

The financial projections are prepared based on assumptions of the evolution of the business of the cash generating units, which the Board of Directors believes are coherent with historical experience and the market tendencies, being reasonable and prudent and which reflect their vision and that of the consultants involved in their preparation. In addition, whenever possible data obtained from the external entities were considered, which were compared with historical data and the Group's experience.

The discount rates used reflect the level of indebtedness and the borrowing cost of each cash generating unit, as well as the risk level and profitability expected by the market. In addition, in determining the discount rates, an interest rate applicable to assets without risk was used considering the interest rates of ten year German bonds plus a country risk premium corresponding to the average spread between the Portuguese and German 10 year bonds. The discount rates used also include a market risk premium, estimated by the external consultants that made the impairment studies.

The perpetuity growth rate was estimated based on an analysis of the potential market of each cash generating unit, considering the expectations of the Board of Directors and the external consultants involved in the valuations. For this purpose the external consultants considered a sample of Iberian companies.

The main changes made in the impairment analyses as of 31 December 2016 in relation to past experience are as follows:

- increase in the discount rate for the segment Television and Infoportugal, resulting, essentially, from the increase of the free-risk rate and of the market risk premium;
- decrease in the discount rate for the Publishing segment, resulting from the reduction in the cost of debt and of the business risk premium;
- decrease in the cost structure of the businesses, resulting fron the synergies generated by the concentration of the activities in the Paço de Arcos building;

- reduction in payroll costs, as a result of the restructuring plan implemented in 2016 in the Publishing segment;
- decrease of circulation during the projected period compared to the previous period;
- increase in the price of publications;
- significant growth in revenues from publications in digital format;
- increase of advertising prices on television.

Impairment tests in the year ended 31 December 2016:

As a result of the impairment tests carried out, in the year ended 31 December 2016 the Group did not identify any impairment of goodwill.

Television:

The recoverable amount of this cash generating unit was determined considering the financial projections of the Television cash generating unit for a period of five years, using a discount rate of 8.5% (7.84% at 31 December 2015) and a perpetuity growth rate of 2% (2% in 2015).

The main business assumptions considered were as follows:

- Advertising market: an annual compound growth rate throughout the period of the projections of 2.3%, for the market relating to generalist channels and 3.6% for the paid channel;

- Advertising and audience market share: these variables were considered constant and similar to those occurred in 2016 for the 5 year period of the projections;

- Programming cost: an increase was estimated for 2017, maintaining at the same level until 2020, year where a reduction is estimated, and keeping the same level in the following year;

- Automatic renewal of the television operating licences at the end of their term, without additional costs;

- Maintenance of the current open signal transmission costs of the SIC generalist channel, as well as operating continuity of the current theme channels.

- Reduction of structure costs resulting from the synergies arising from the concentration of all the Group in building in Paço de Arcos.

The impairment tests carried out assume maintenance of the current number of open signal television broadcasting channels, as well as the current limit of advertising space in each of these channels and other sector regulations.

The Company carried out the following sensitivity tests:

- a 1% decrease in advertising income of the cash generating unit resulting from a 1% decrease in advertising target market income over the period of the projection would not imply the need to record an impairment loss at 31 December 2016;

- a 0.5% increase in the assumed discount rate for the years of the projections would not imply the need to record an impairment loss at 31 December 2016;

- a decrease in the perpetuity growth rate to 1.75% would not imply the need to record an impairment loss at 31 December 2016.

Publishing:

In 2016, as referred previously, the impairment test of goodwill was made to the Publishing segment, which is considered as a single cash generating unit, as a result of the integration of Medipress in Impresa Publishing.

The recoverable amount of this cash generating unit was determined considering the financial projections of the Publishing segment for a five year period, using a discount rate of 7.90% (8.30% for magazines and 8.16% for newspapers at 31 December 2015) and a perpetuity growth rate 0.5% (0.5% in 2015).

The main assumptions considered were as follows:

- Advertising market: a negative annual compound growth rate of 3% for publications in paper format, and a positive compound annual growth rate of 9% for the publications in digital format;

- Digital circulation: a significant growth in the volume of digital subscriptions was estimated, as well as a slight price increase;

- Paper circulation: a price increase was estimated, compensated by a reduction in circulation over the projection period;

- Portfolio: maintenance of the current publications;

- Reduction of the structure costs resulting from the restructuring implemented in the last years, and from the synergies related to the concentration of all the Group in the Paço de Arcos building.

The Company made the following sensitivity analyses:

- a 1% decrease in advertising income of the cash generating unit resulting from a 1% projected decrease in advertising target market income over the period of the projection would not imply the need to record an impairment loss at 31 December 2016;

- a 0.5% increase in the assumed discount rate over the years of the projections would not imply the need to record an impairment loss at 31 December 2016;

The Group does not consider it reasonable to assume a perpetuity growth rate of less than 0.5%.

<u>InfoPortugal:</u>

The recoverable amount of these cash generating units was determined considering the financial projections of the digital mapping business and Olhares.com portal for a five year period using a discount rate of 9.22% (7.64% at 31 December 2015) and a perpetuity growth rate of 2% (2.5% in 2015).

The main assumptions considered in the projections for 2015 assume recovery of operations and a 6% annual compound increase rate for revenues over the remaining period of the projections, supported on the mapping and application design businesses.

In addition, reasonable possible changes were not identified in the key assumptions of the valuations on which the Company based itself to determine the recoverable value that would imply the need to record additional impairment losses at 31 December 2016.

(Amounts stated in Euros)

18. INTANGIBLE ASSETS

The changes in intangible assets and related accumulated amortization and impairment losses in 2016 and 2015 were as follows:

31 December 2016:

	Industrial property and other rights	Software	Ativos intangíveis em curso	Total
Gross:				
Balance at 31 December 2015	2,757,054	643,906	-	3,400,960
Purchases	-	159,277	-	159,277
Transfers (Note 19)	-	10,000	-	10,000
Balance at 31 December 2016	2,757,054	813,183	-	3,570,237
Accumulated amortization and impairment losses:				
Balance at 31 December 2015	(2,706,119)	(164,181)	-	(2,870,300)
Increases	(24,505)	(239,611)	-	(264,116)
Balance at 31 December 2016	(2,730,624)	(403,792)	-	(3,134,416)
Net balance at 31 December 2016	26,430	409,391	-	435,821

The acquisitions of intangible assets during the year ended 31 December 2015 correspond essentially to updates and software licences of the Oracle program.

The decreases correspond to the write-off of fully amortized assets.

31 December 2015:

	Industrial property and other rights	Software	Intangible assets in progress	Total
Gross:				
Balance at 31 December 2014	2,757,054	280,873	124,580	3,162,507
Purchases	-	261,453	-	261,453
Sales and write-offs	-	(23,000)	-	(23,000)
Transfers	-	124,580	(124,580)	-
Balance at 31 December 2015	2,757,054	643,906	-	3,400,960
Accumulated amortization and impairment losses:				
Balance at 31 December 2014	(2,678,475)	(10,122)	-	(2,688,597)
Increases	(27,644)	(177,059)	-	(204,703)
Decreases due to sales and write-offs	-	23,000	-	23,000
Balance at 31 December 2015	(2,706,119)	(164,181)	-	(2,870,300)
Net balance at 31 December 2015	50,935	479,725	-	530,660

Purchases of Intangible assets during the years ended 31 December 2016 and 2015 correspond essentially to updates and software licences of the Oracle program.

The decreases in 2015 correspond to the write-off of fully amortized assets.

(Amounts stated in Euros)

19. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and corresponding accumulated depreciation and impairment losses during the years ended 31 December 2016 and 2015 were as follows:

31 December 2016:

	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Gross:								
Balance at 31 December 2015	1,675,961	23,246,037	104,353,669	594,862	25,694,564	17,581	559,397	156,142,071
Acquisitions	569,632	122,136	1,535,481	-	220,297	315,760	931,225	3,694,531
Sales and write-offs	-	-	(64,462)	(436,223)	(19,086)	-	(5,017)	(524,788)
Transfers (Note 18)	-	-	193,393	-	-	-	(203,393)	(10,000)
Balance at 31 December 2016	2,245,593	23,368,173	106,018,081	158,639	25,895,775	333,341	1,282,212	159,301,814
Accumulated depreciation and impairment losses								
Balance at 31 December 2015	-	(8,198,009)	(94,591,579)	(575,481)	(24,920,232)	(13,643)	-	(128,298,944)
Increase	-	(457,059)	(2,381,685)	(8,774)	(342,752)	(46,859)	-	(3,237,129)
Decreases due to sales and write-offs	-	-	29,907	436,223	3,045	-	-	469,175
Balance at 31 December 2016	-	(8,655,068)	(96,943,357)	(148,032)	(25,259,939)	(60,502)	-	(131,066,898)
Net balance at 31 December 2016	2,245,593	14,713,105	9,074,724	10,607	635,836	272,839	1,282,212	28,234,916

The change in tangible fixed assets results, essentially, from the effect of depreciation, the acquisition of mapping and aerial photography equipment, the acquisition of several broadcasting and television recording technical equipment, as well as the project of increase of the size of the Paço de Arcos building. In addition, within this project, the Group acquired several plots of land, next to the Paço de Arcos building.

31 December 2015:

	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Gross:								
Balance at 31 December 2014	1,675,961	23,235,995	102,006,994	594,862	25,279,886	13,637	71,232	152,878,567
Acquisitions	-	10,042	2,384,162	-	418,690	3,944	489,370	3,306,208
Sales and write-offs	-	-	(38,692)	-	(4,012)	-	-	(42,704)
Transfers	-	-	1,205	-	-	-	(1,205)	-
Balance at 31 December 2015	1,675,961	23,246,037	104,353,669	594,862	25,694,564	17,581	559,397	156,142,071
Accumulated depreciation and impairment losses								
Balance at 31 December 2014	-	(7,670,960)	(92,051,456)	(563,100)	(24,402,193)	(13,637)	-	(124,701,346)
Increase	-	(527,049)	(2,578,815)	(12,381)	(522,051)	(6)	-	(3,640,302)
Decreases due to sales and write-offs	-	-	38,692	-	4,012	-	-	42,704
Balance at 31 December 2015	-	(8,198,009)	(94,591,579)	(575,481)	(24,920,232)	(13,643)	-	(128,298,944)
Net balance at 31 December 2015	1,675,961	15,048,028	9,762,090	19,381	774,332	3,938	559,397	27,843,127

The increase in the caption "Machinery and equipment" is due essentially to the acquisition of technical broadcasting and television recording equipment.

At 31 December 2016 and 2015 the Group had the following assets under finance lease:

	2016			2015		
	Gross	Accumulated depreciation and impairment losses	Net balance	Gross	Accumulated depreciation and impairment losses	Net balance
Land	-	-	-	1,675,961	-	1,675,961
Buildings and other constructions	-	-	-	14,492,335	(3,248,318)	11,244,017
Machinery and equipment	954,658	(486,093)	468,565	4,371,362	(2,873,869)	1,497,493
Transport equipment	-	-	-	20,502	(18,366)	2,136
	954,658	(486,093)	468,565	20,560,160	(6,140,553)	14,419,607

The amount of leases recorded at 31 December 2015 was related essentially to the building in Paço de Arcos. During the year ended 31 December 2016, the Group exercised its purchase right on the property, fully paying the finance lease (Note 28).

(Amounts stated in Euros)

20. INVESTMENTS

The changes in investments in the years ended 31 December 2016 and 2015 were as follows:

31 December 2016:

	Investments in associated companies	Investments in other companies	Total
Balance at 31 December 2015	3,988,509	49,363	4,037,872
Application of the equity method (Note 14)	(139,978)	-	(139,978)
Dividend distributed by VASP	(200,000)	-	(200,000)
increase in impairment losses (Note 29.1)	-	(30,000)	(30,000)
Balance at 31 December 2016	3,648,531	19,363	3,667,894

31 December 2015:

	Investments in associated companies	Investments in other companies	Total
Balance at 31 December 2014	5,008,046	1,584,153	6,592,199
Application of the equity method (Note 14)	(19,537)	-	(19,537)
Dividend distributed by VASP	(234,100)	-	(234,100)
Decreases (a)	(765,900)	(1,534,790)	(2,300,690)
Balance at 31 December 2015	3,988,509	49,363	4,037,872

(a) This amount corresponds to a capital decrease of 765,900 Euros in Vasp, as well as the sale of the full participation in Noniussoft for the amount of approximately 1,535,000 Euros, generating a gain of 199 Euros (Note 14).

Investments in associated companies at 31 December 2016 and 2015 are made up as follows:

31 December 2016:

		2016							
Company	Head office	Total assets	Total revenue	Equity	Net result	Percentage effectively held	Amount of participation	Accumulated impairment losses (Note 29.1)	Net value of the asset
Vasp	Cacém	37,917,897	207,308,125	9,221,408	626,613	33.33	3,073,495	-	3,073,495
Lusa (a)	Lisbon	11,893,332	16,226,450	2,572,857	1,989,229	22.35	575,036	-	575,036
Visapress	Lisbon	n.a.	n.a.	n.a.	n.a.	21.43	15,000	(15,000)	-
							3,663,531	(15,000)	3,648,531

31 December 2015:

		2015							
Company	Head office	Total assets	Total revenue	Equity	Net result	Percentage effectively held	Amount of participation	Accumulated impairment losses (Note 29.1)	Net value of the asset
Vasp	Cacém	34,382,369	207,635,576	9,123,850	667,384	33.33	3,040,901	-	3,040,901
Lusa (a)	Lisbon	11,606,728	15,398,919	4,239,849	(754,859)	22.35	947,608	-	947,608
Visapress	Lisbon	n.a.	n.a.	n.a.	n.a.	21.43	15,000	(15,000)	-
							4,003,509	(15,000)	3,988,509

(a) For the effects of the equity method, the accounts of Lusa were subject to adjustments to harmonize accounting policies.

As a result of applying the equity method at 31 December 2016 and 2015 the following changes were recorded in the caption “Investments in associates”:

(Amounts stated in Euros)

	2016			2015		
Company	Gain on associated companies (Note 14)	Loss on associated companies (Note 14)	Total	Gain on associated companies (Note 14)	Loss on associated companies (Note 14)	Total
Vasp	232,594	-	232,594	248,716	-	248,716
Lusa	-	(372,572)	(372,572)	-	(268,253)	(268,253)
	232,594	(372,572)	(139,978)	248,716	(268,253)	(19,537)
Other	-	-	-	199	-	199
	232,594	(372,572)	(139,978)	248,915	(268,253)	(19,338)

Investments in other companies at 31 December 2016 and 2015 are made up as follows:

	2016				2015	
Company	Effective participation of the Group	Amount of the participation	Impairment losses (Note 29.1)	Amount net of impairment losses	Effective participation of the Group	Amount of the participation
NP	10.71%	18,703	-	18,703	10.71%	18,703
Nexponor	0.001%	660	-	660	0.001%	660
Outros	n.d.	30,000	(30,000)	-	n.d.	30,000
		49,363	(30,000)	19,363		49,363

21. INVESTMENT PROPERTIES

Investment properties held by the Group at 31 December 2016 and 2015 is made up as follows:

Investment property	2016	2015
Terreno "FNAC" (a)	5,912,440	5,912,440

(a) This amount is net of impairment losses recorded in previous years in the amount of 239,523 Euros (Note 29.1).

During the years ended 31 December 2016 and 2015, there were no movements in the caption "Investment properties".

The Board of Directors believes that the market value of this asset does not differ significantly from its book value.

There is a promissory mortgage over this land in guarantee of a loan from BPI.

(Amounts stated in Euros)

22. PROGRAM BROADCASTING RIGHTS AND INVENTORIES

Program broadcasting rights at 31 December 2016 and 2015 are made up as follows:

	31 December 2016		31 December 2015	
	Non-current	Current	Non-current	Current
Broadcasting rights				
Gross:				
Program broadcasting rights	4,568,154	4,153,608	7,444,931	3,993,042
Advances on account of purchases	557,128	11,482,748	557,128	10,668,116
	5,125,282	15,636,356	8,002,059	14,661,158
Impairment of realizable value:				
Accumulated impairment of the realizable value (Note 29.1)	(557,128)	-	(557,128)	-
Net realizable value of the broadcasting rights	4,568,154	15,636,356	7,444,931	14,661,158

The caption "Advances on account of purchases" at 31 December 2016 and 2015 includes payments made by SIC to program suppliers under contracts signed with these entities, relating to program broadcasting rights, which at that date were not available for broadcasting, corresponding essentially to soaps and sports rights.

Inventories at 31 December 2016 and 2015 are made up as follows:

	2016	2015
Inventories:		
Raw, subsidiary and consumable material	1,039,610	1,465,296
Work in progress	383,048	392,144
Net realizable value of inventories	1,422,658	1,857,440

At 31 December 2016 and 2015 the Group had no inventories pledged in guarantee of liabilities.

23. TRADE AND OTHER RECEIVABLES

This caption at 31 December 2016 and 2015 was made up as follows:

	31 December 2016			31 December 2015		
	Gross	Accumulated impairment Losses (Note 29.1)	Net	Gross	Accumulated impairment Losses (Note 29.1)	Net
Customers	45,592,609	(10,187,758)	35,404,851	29,500,030	(10,214,853)	19,285,177
Invoices to be issued:						
Value added services	845,754	-	845,754	234,173	-	234,173
Television broadcasting rights of programs ceded	-	-	-	3,226,237	-	3,226,237
Television broadcasting rights of theme channels	671,771	-	671,771	300,000	-	300,000
Television broadcasting rights of generalist channels	209,936	-	209,936	214,506	-	214,506
Other amounts to be invoiced	499,484	-	499,484	818,194	-	818,194
Discounts receivable						
Volume discounts receivable	-	-	-	78,577	-	78,577
	47,819,554	(10,187,758)	37,631,796	34,371,717	(10,214,853)	24,156,864

(Amounts stated in Euros)

The increase in the customers caption at 31 December 2016 compared to 31 December 2015 results, essentially, from the fact that at 31 December 2016, the volume discount credit notes had not yet been issued, whereas at 31 December 2015 all the credit notes related to such discounts for the year 2015 had been issued. The amount related to credit notes to be issued is recorded under the other current liabilities caption (Note 31).

24. OTHER NON-CURRENT AND CURRENT ASSETS

At 31 December 2016 and 2015 this caption was made up as follows:

	2016	2015
Other non-current assets:		
Lisgráfica – Impressão e Artes Gráficas, S.A. ("Lisgráfica") (a)	1,145,084	1,313,333
Pension fund - Post employment benefits (Note 33.1)	1,403,923	1,766,105
Premius, S.A.	906,250	906,250
Digital telebroadcasting services (b)	686,568	748,236
Novimovest - Fundo de Investimento Imobiliário (c)	800,000	800,000
	4,941,825	5,533,924
Other current assets:		
Advances to suppliers	864,374	765,978
Other debtors		
Lisgráfica (a)	267,639	245,555
Subsidies receivable	-	31,394
Advances to employees	152,287	128,639
Isabel Monteiro (e)	192,868	192,868
Fantasy Day - Unipessoal, Lda. and Lemon- Entretenimento, Lda. (d)	169,403	169,403
Deposit (g)	1,976,389	1,750,265
Others	758,220	521,894
Prepayments:		
Licenses	397,699	17,448
Rent	90,152	163,869
Digital telebroadcasting services (b)	61,667	61,667
Financial charges	76,409	64,021
Insurance	70,481	41,698
Others	609,186	612,147
Taxes:		
Value added tax ("VAT") (f)	642,733	-
Other taxes	65	153
	6,329,572	4,766,999
	11,271,397	10,300,923

(a) Present value of the account receivable resulting initially from the sale in 2006 of the investment in Imprejornal - Sociedade de Impressão, S.A. to Mirandela – Artes Gráficas, S.A.. During the year ended 31 December 2008, the Group sold that account receivable to Lisgráfica. In accordance with the contract, this account is payable in monthly instalments, according to a defined repayment plan, up to 2022. The nominal value of this receivable at 31 December 2016 and 2015 was 1,857,009 Euros and 2,057,009 Euros respectively.

(b) This caption corresponds to the deferral of the single instalment for access to the digital teledifusion network and for services rendered by PT Comunicações, under the technical alteration process. The amount is being deferred over the period of the contract to render digital telebroadcasting services entered into with PT Comunicações. The contract became effective on 1 January 2012 and remains in force until 9 December 2028.

(c) Amount still receivable from the sale of the SIC building in 2004, which is dependent upon updating of the utilization licence.

(d) Present value of the account receivable resulting from the sale in prior years of the 100% participation in iPlay- Som e Imagem, Lda..

(Amounts stated in Euros)

(e) Present value of the account receivable resulting from the sale in prior years of the 90% participation in Dialectus – Traduções Técnicas, Legendagem e Locução, Lda..

(f) At 31 December 2016, the Group has VAT receivables, generated in the acquisition of the s. Francisco de Sales building which was related to the finance lease previously recorded under “Finance leases” (Note 28).

(g) As of 31 December 2016 and 2015, the amounts of 1,976,389 Euros and 1,750,265 Euros, respectively, correspond to the net amount of a dollar term deposit of 7,115,074 Euros and 6,888,950 Euros, respectively, and a loan contract of 5,138,685 Euros at 31 December 2016 and 2015, recorded in this caption with a maximum amount of 10,000,000 Euros, being automatically renewable for successive six month periods. The term deposit is in guarantee of the liability resulting from the loan contract.

25. CASH AND CASH EQUIVALENTS

The caption “Cash and cash equivalents” included in the consolidated statement of cash flow as of 31 December 2016 and 2015 and reconciliation thereof to the amount of cash and cash equivalents reflected in the statement financial position as of those dates are as follows:

	2016	2015
Cash	92,184	91,241
Bank deposits	3,399,072	3,428,838
	3,491,256	3,520,079
Bank overdrafts (Note 27)	(5,465,769)	(89,452)
	(1,974,513)	3,430,627

26. EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY

Share Capital: At 31 December 2016 and 2015 Impresa’s fully subscribed and paid up share capital amounted to 84,000,000 Euros, represented by 168,000,000 shares of fifty cents each, which, in accordance with the information communicated to CMVM, are held as follows:

	2016		2015	
	Percentage held	Amount	Percentage held	Amount
Impreger - Sociedade Gestora de Participações Sociais, S.A. ("Impreger")	50.31%	42,257,294	50.31%	42,257,294
Invesco, Ltd.	6.78%	5,693,491	5.12%	4,299,295
Madre - SGPS, S.A.	4.79%	4,024,345	4.95%	4,161,206
FIL, Ltd. (a)	n.a.	n.a.	4.90%	4,120,092
BPI Group	3.69%	3,100,000	3.69%	3,100,000
Santander Asset Management	4.70%	3,945,621	3.49%	2,933,835
Jefferies International Limited (JIL) (a)	n.a.	n.a.	2.59%	2,173,471
Hendersen Global Investors, Ltd. (a)	n.a.	n.a.	2.50%	2,100,000
Newshold - SGPS, S.A.	2.40%	2,019,382	2.40%	2,019,382
Others	27.33%	22,959,867	20.04%	16,835,425
	100.00%	84,000,000	100.00%	84,000,000

(a) During the year ended 31 December 2016, these sharholders ceased having a qualified stake in Impresa’s share capital.

Share premium: This caption corresponds to premiums obtained in capital increases made in previous years. In accordance with current legislation, utilisation of this reserve is subject to the same rules as the legal reserve, and so this amount is not available for distribution to the shareholders, but may be used to absorb losses once all other reserves and retained earnings have been exhausted, or to increase capital.

(Amounts stated in Euros)

Legal reserve: Portuguese law provides that at least 5% of annual net profit must be appropriated to a legal reserve until the reserve equals the minimum requirement of 20% of share capital. The reserve is not available for distribution to the shareholders except upon liquidation of the Company, but may be used to absorb losses, once all other reserves and retained earnings have been exhausted, or to increase capital.

As decided at the Shareholders' General Meeting held on 19 April 2016, net result for the year ended 31 December 2015 in the amount of 10,696,787 Euros, presented in the non-consolidated financial statements of Impresa, were appropriated as follows:

Legal reserve	534,840
Other reserves	10,161,947
	10,696,787

The difference between the non-consolidated and consolidated result was transferred to Retained earnings.

As decided at the Shareholders' General Meeting held on 29 April 2015, net result for the year ended 31 December 2014 in the amount of 2,785,154 Euros, presented in the non-consolidated financial statements of Impresa, were appropriated as follows:

Legal reserve	139,258
Retained earnings	2,645,896
	2,785,154

The difference between the non-consolidated and consolidated result was transferred to Retained earnings.

The same Shareholders' General Meeting decided to transfer the amount of 4,954,594 Euros to free reserves to cover the accumulated losses determined in accordance with Impresa's non-consolidated financial statements.

27. BANK BORROWINGS

Bank Borrowings at 31 December 2016 and 2015 were as follows:

		31 December 2016				31 December 2015			
		Book value		Nominal value		Book value		Nominal value	
Company	Lending entities	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Impresa	Banco BPI, S.A. (a)	75,463,173	9,940,102	75,793,443	9,983,607	79,495,339	9,463,732	79,868,851	9,508,198
Impresa	Banco Popular, S.A. (b)	2,472,350	988,940	2,500,000	1,000,000	3,461,175	988,907	3,500,000	1,000,000
Impresa	Caixa Central de Crédito Agrícola Mútuo, C.R.L. (c)	2,686,612	895,537	2,700,000	900,000	3,580,452	895,113	3,600,000	900,000
Impresa	Banco BIC Português, S.A. (d)	6,140,598	2,377,005	6,200,000	2,400,000	8,497,856	2,371,495	8,600,000	2,400,000
Impresa	Caixa Geral de Depósitos, S.A. (e)	-	7,362,613	-	7,500,000	-	14,721,951	-	15,000,000
Impresa	Novo Banco, S.A. and Banco Espírito Santo de Investimento, S.A. (f)	29,818,481	-	30,000,000	-	29,720,780	-	30,000,000	-
SIC	Banco BPI, S.A. (g)	14,808,463	2,115,495	14,875,000	2,125,000	16,914,427	-	17,000,000	-
SIC	Caixa Central de Crédito Agrícola Mútuo, C.R.L. (c)	149,256	49,752	150,000	50,000	198,914	49,729	200,000	50,000
Impresa Publishing	Montepio Geral (h)	3,042,100	1,258,819	3,042,100	1,258,819	-	-	-	-
Impresa Publishing	Banco Comercial Português, S.A. (i)	-	1,427,575	-	1,500,000	-	1,402,315	-	1,500,000
Impresa Publishing	Caixa Central de Crédito Agrícola Mútuo, C.R.L. (c)	149,256	49,752	150,000	50,000	198,914	49,729	200,000	50,000
	Guaranteed current accounts (j)	-	19,665,000	-	19,665,000	-	4,215,000	-	4,215,000
	Bank overdrafts (k) (Note 25)	-	5,465,769	-	5,465,769	-	89,452	-	89,452
		134,730,289	51,596,359	135,410,543	51,898,195	142,067,857	34,247,423	142,968,851	34,712,650

(Amounts stated in Euros)

(a) Loan from Banco BPI, SA contracted by ISM to finance the acquisition of all the share capital of Solo (merged into ISM) that had an 18.35% participation in SIC, and a 30.65% participation in SIC. On 1 January 2015 ISM was merged into Impresa, responsibility for payment of the full amount of the loan being transferred to Impresa. At 31 December 2016, the loan bore interest payable half yearly in arrears at the Euribor six month rate plus a spread of 2.5% and is repayable in 38 successive half yearly instalments, beginning on 30 June 2006. The nominal amount of the loan is repayable as follows:

2017	9,983,607
2018	9,983,607
2019	9,983,607
2020	9,983,607
2021 and following	45,842,622
	75,793,443
	85,777,050

In guarantee of full compliance with this loan, the Group signed a blank promissory note and gave in guarantee all the share capital of SIC (Note 32).

Impresa assumed several covenants with respect to this loan and restrictions relating essentially to the acquisition and sale of assets and the distribution of dividends.

In accordance with this contract Impresa must maintain at least 51% of the capital of SIC. In addition, Impreger must not reduce its participation in Impresa to below 50.01% of its capital.

(b) Loan contract entered into by the Group with Banco Popular, S.A. in June 2015, repayable in ten successive half yearly instalments up to 16 June 2020. At 31 December 2016 the loan bore interest payable half yearly in arrears at a rate corresponding to the Euribor six month rate plus a spread of 2.25%. The nominal amount of the loan is repayable as follows:

2017	1,000,000
2018	1,000,000
2019	1,000,000
2020	500,000
	2,500,000
	3,500,000

The Group signed a blank promissory note in guarantee of full compliance with the loan.

(c) Loan contract entered into by the Group with Caixa Central de Crédito Agrícola Mútuo C.R.L. in September 2015, repayable in eight half yearly instalments up to 15 September 2019. At 31 December 2016 the loan bore interest payable half yearly in arrears at a rate corresponding to the six month Euribor rate plus a spread of 2.6%. The nominal amount of the loan is repayable by each entity as follows:

	Impresa	SIC	Impresa Publishing	Total
2017	900,000	50,000	50,000	1,000,000
2018	1,350,000	75,000	75,000	1,500,000
2019	1,350,000	75,000	75,000	1,500,000
	2,700,000	150,000	150,000	3,000,000
	3,600,000	200,000	200,000	4,000,000

The Group signed a blank promissory note in guarantee of full compliance with the loan.

Additionally, under the terms of this contract, Impresa must maintain at least 51% of SIC's and Impresa Publishing's share capital.

(Amounts stated in Euros)

(d) On 18 September 2015 the Group entered into a loan contract with Banco BIC Português, S.A., repayable in six half yearly instalments, the first five being in the amount of 1,200,000 Euros and the last on 18 September 2018 of 5,000,000 Euros. At 31 December 2016 the loan bore interest payable half yearly in arrears at a rate corresponding to the six month Euribor rate plus a spread of 1.5%. The nominal amount of the loan is repayable as follows:

2017	2,400,000
2018	6,200,000
	8,600,000

The Group signed three blank promissory notes in guarantee of full compliance with the loan.

In addition, as a result of this loan contract, Impresa committed to some determined covenants.

Under the terms of this contract, Impreger must not reduce its participation in Impresa to below 50,01% of its share capital.

(e) Issuance of commercial paper by Impresa under a commercial paper program for a period of 3 years with issuance terms of up to six months, ending on 23 December 2017, for an initial amount of 15,000,000 Euros, which will progressively be reduced to 3,750,000 Euros at the last issuance. At 31 December 2016 this commercial paper issue bore interest at the Euribor rate for the maturity period plus a spread of 2.85%.

In accordance with this loan, in addition to Impresa, SIC and Impresa Publishing assumed certain covenants, on a solidarity basis, including, among others, requirements to repay principal and pay interest. In addition, Impreger and Impresa must not cease to hold directly the majority of the capital of Impresa and SIC, respectively.

(f) On 12 November 2014 the Company issued bond to totalling 30,000,000 Euros, corresponding to 600 bonds of 50,000 Euros each, repayable on 12 November 2018. The bonds bear interest at the Euribor 6 month rate plus a spread of 4%.

In accordance with these bonds Impresa assumed certain commitments, must not ceasing to hold all the share capital of SIC and Impresa Publishing and Impreger must not cease to hold a majority (50.01%) of Impresa's capital.

At 31 December 2016 these bonds were listed for trading (Euronext), their market value being similar to the amount recorded in the financial statements as of that date.

(g) Bank loan contracted by SIC with Banco BPI, S.A. on 26 June 2013 for the maximum amount of 17,000,000 Euros, which was fully used up in 2014. At 31 December 2016 the loan bore interest at the six month Euribor rate plus a spread of 5% (4% in 2015) and is repayable in 16 successive half yearly instalments as from 30 June 2017. As a result of this loan the Group signed a blank promissory note, assumed several covenants and restrictions relating essentially to the acquisition and sale of assets, a promissory mortgage of the FNAC land, as well as maintenance of the current shareholder structure of Impresa. The reimbursement schedule of the nominal amount is as follows:

2017	2,125,000
2018	2,125,000
2019	2,125,000
2020	2,125,000
2021 and following	8,500,000
	14,875,000
	17,000,000

Under the termos of this loan contract, Impreger must not reduce its participation in Impresa to below 50.01% of its share capital.

(Amounts stated in Euros)

(h) Loan contracted by Impresa Publishing im May 2016, with Caixa Económica Montepio Geral, to be repaid in 48 monthly instalments until May 2010. At 31 December 2016, this loan bore interest at the six months euribor plus 2.5%. As a guarantee, Impresa Publishing subscribed a blank promissory. The reimbursement schedule of the nominal amount is as follows:

2017	1,258,819
2018	1,258,800
2019	1,258,800
2020	524,500
	3,042,100
	4,300,919

Under this loan, if Impresa cesases holding, directly or indirectly, 100% of Impresa Publishing, the bank has the possibility of resolving the contract.

(i) Issuance of commercial paper by Impresa Publishing under a commercial paper program for 5 years with issuance terms of up to six months, ending on 18 November 2019, for a total amount of 11,000,000 Euros, which will progressively decrease to 1,100,000 by the last issuance. At 31 December 2016 this commercial paper issuance bore interest at the Euribor rate for the period of the issuance plus a spread of 2.25% (3.35% in 2015).

Impresa Publishing assumed certain obligations under this loan, including not being less than 50.1% owned by Impresa.

(j) Guaranteed current accounts obtained by Group companies that bear interest at normal market rates for similar operations.

(k) The bank overdrafts bear interest at market rates for similar operations.

At 31 December 2016 and 2015 the Group had approved unused credit limits of approximately 30,815,000 Euros and 58,096,000 Euros, respectively.

In the years ended 31 December 2016 and 2015, the effective interest rates on the loans were as follows:

Company	Financing entities	2016	2015
Impresa	Banco BPI, S.A.	2.50%	3.84%
Impresa	Banco Popular, S.A.	2.25%	2.25%
Impresa	Caixa Central de Crédito Agrícola Mútuo, C.R.L.	2.60%	2.60%
Impresa	Banco BIC Português, S.A.	1.50%	1.50%
Impresa	Caixa Geral de Depósitos, S.A.	2.85%	2.85%
Impresa	Novo Banco, S.A. and Banco Espírito Santo de Investimento, S.A.	4.00%	4.00%
SIC	Banco BPI, S.A.	4.83%	4.50%
SIC	Caixa Central de Crédito Agrícola Mútuo, C.R.L.	2.60%	2.60%
Impresa Publishing	Banco Comercial Português, S.A.	2.80%	3.25%
Impresa Publishing	Montepio Geral	2.50%	-
Impresa Publishing	Caixa Central de Crédito Agrícola Mútuo, C.R.L.	2.60%	2.60%
Group	Guaranteed current accounts	2.65%	3.36%

Information regarding the Group’s exposure to interest rate risk based on the loans in force is included in Note 36.

(Amounts stated in Euros)

The Board of Directors believes that there are no cases of non-compliance with the requirements of the above mentioned borrowings, both as regards maintenance of the main participations in subsidiary companies, the limitation of investments or the distribution of dividends as well as the applicable financial covenants. The financial covenants to be complied with, not applicable to all the borrowings, correspond to the "Remunerated net debt/EBITDA Ratio" and the "Financial Autonomy Ratio", in which the existence of possible non-compliance, could result in the financial entities requiring early repayment of the borrowings and/or change in the lending conditions previously agreed. At 31 December 2016, waivers were obtained from the financing entities regarding compliance with the ratios that the Group did not achieve at that date.

28. FINANCE LEASES

At 31 December 2016, the companies of the television segment had liabilities under finance lease contracts totalling 370,100 Euros respectively, payable as follows:

	Principal	Interest	Total
2017	113,399	5,268	118,667
2018	96,447	3,562	100,009
2019	98,142	1,867	100,009
2020	62,112	297	62,409
	256,701	5,726	262,427
	370,100	10,994	381,094

During the year ended 31 December 2016, the Group made the anticipated payment of the total debt of the lease contract of the building of Paço de Arcos, whose amount, added by taxes and other expenses related to the transaction was, approximately, 6,627,000 Euros; for this effect, the Group used guaranteed current accounts previously contracted, but unused until that date.

At 31 December 2015, Impresa Office & Service Share, InfoPortugal and the subsidiaries of the television segment had liabilities under finance lease contracts of 5,564,798 Euros, 4,918 Euros and 404,093 Euros, respectively, payable as follows:

	Principal	Interest	Total
2016	1,275,418	52,438	1,327,856
2017	886,324	36,924	923,248
2018	3,812,067	5,410	3,817,477
	4,698,391	42,334	4,740,725
	5,973,809	94,772	6,068,581

The liabilities under the lease contracts relate essentially to the building of Impresa Office & Service Share and technical support equipment for the digitalisation project of the television segment operating systems. The lease contracts do not include contingent instalments and include purchase options at below the market value of the assets.

(Amounts stated in Euros)

29. IMPAIRMENT LOSSES, LEGAL AND TAX PROCESSES AND PROVISIONS

29.1 Impairment losses

The following changes occurred in the accumulated impairment loss captions in the years ended 31 December 2016 and 2015:

31 December 2016:

	Impairment losses on investments (Note 20)	Impairment losses on investments properties (Note 21)	Impairment losses on receivables (Notes 10 and 23)	Impairment losses on broadcasting rights and inventories (Note 22)
Balances at 31 December 2015	15,000	239,523	10,214,853	557,128
Increases (Notes 10 and 20)	30,000	-	399,365	-
Utilization	-	-	(279,863)	-
Reversal/adjustment (Note 10)	-	-	(146,597)	-
Balances at 31 December 2016	45,000	239,523	10,187,758	557,128

31 December 2015:

	Impairment losses on investments (Note 20)	Impairment losses on investments properties (Note 21)	Impairment losses on receivables (Notes 10 and 23)	Impairment losses on broadcasting rights and inventories (Note 22)
Balances at 31 December 2014	15,000	239,523	9,739,184	557,128
Increases (Note 10)	-	-	885,770	-
Utilization	-	-	(344,331)	-
Reversal/adjustment (Note 10)	-	-	(65,770)	-
Balances at 31 December 2015	15,000	239,523	10,214,853	557,128

Impairment losses are deducted from the amounts of the assets.

29.2 Provisions

The provision for risks and charges at 31 December 2016 and 2015 relates essentially to legal actions in progress and is made up as follows:

	2016		2015	
Natureza	Amount claimed	Amount provided	Amount claimed	Amount provided
Tax (a)	-	-	1,079,631	686,522
Dismissal/Labour	766,695	554,744	274,609	193,393
Publicity fines	2,791,050	293,484	1,664,264	226,016
Abuse of freedom of the press	1,136,116	163,845	1,710,461	196,251
Others	20,266,802	2,745,281	20,266,802	2,585,167
	24,960,663	3,757,354	24,995,767	3,887,349

(a) Excluding the lawsuits describer in Note 29.4.

As a result of a tax inspection to the year 2000, the tax authorities notified SIC of the additional tax assessment of, approximately, 687,000 Euros (including compensatory interest), pursuant to corporate income tax revisions to certain transactions occurred in 2000, related essentially to payments made to non-residents. In the year ended 31 Decmeber 2016, a decision in favour of SIC was issued, not subject to appeal, thus, the additional assessment was annulled, and the provision of 686, 522 Euros was reversed.

(Amounts stated in Euros)

The amounts claimed under legal actions relating to advertising fines result essentially from the filing of several countermanding actions by ERC for violation of the Publicity Code.

The Group is subject to several lawsuits for abuse of freedom of the press, for which it has recorded provisions based on the opinion of its lawyers and historical experience of this type of litigation.

The significant amount claimed under the caption “Others” results from the quantification by GDA – Cooperativa de Gestão dos Direitos dos Artistas, Intérpretes ou Executantes, CRL in the liquidation incidence presented in December 2015 (Note 29.3).

The Board of Directors and the Group’s lawyers believe, based on an assessment of the risks of the litigation in process, that the outcome of the litigation will not result in significant liabilities not covered by provisions reflected in the consolidated financial statements as of 31 December 2016, which correspond to the best estimate of the outflow of funds resulting from these lawsuits as of that date.

The changes in provisions in the years ended 31 December 2016 and 2015 were as follows:

31 December 2016:

	Provisions for risks and charges
Balance at 31 December 2015	3,887,349
Increases	647,138
Utilization	(90,611)
Reversal/adjustment (Note 10)	(686,522)
Balance at 31 December 2016	3,757,354

31 December 2015:

	Provisions for risks and charges
Balance at 31 December 2014	5,314,234
Increases	594,689
Utilization	(238,337)
Reversal/adjustment (Note 10)	(1,783,237)
Balance at 31 December 2015	3,887,349

Utilization of provisions in the years ended 31 December 2016 and 2015 corresponds to direct utilization of the balance to cover the liabilities resulting essentially from the Group’s legal and non-legal litigation. In addition, adjustments correspond to the reversal of provisions covering risks and contingencies for which they were provided but that did not materialize.

The caption “Provision for impairment losses” in the consolidated statement of profit and loss and other comprehensive income for the years ended 31 December 2016 and 2015 is made up as follows:

31 December 2016:

Increase in the provision for other risks and charges	647,138
Impairment losses on investments (Note 20)	30,000
	677,138

31 December 2015:

Increase in the provision for other risks and charges	594,689

29.3 Legal processes in progress

At 31 December 2016 there were several lawsuits in progress brought against the Group by third parties, , the amounts of which and final outcome at the time of preparing the financial statements were still unknown, including:

- In prior years GDA – Cooperativa de Gestão dos Direitos dos Artistas, CRL ("GDA") brought a legal action against SIC, in the Judicial Court of Oeiras, under which GDA claims payment of annual remuneration due to artists, interpreters or performers at the rate of 1.5% of the annual amount of advertising income, effective as from September 2004, as well as late payment interest. SIC contested this action, a favourable decision having been issued, considering the initial petition to be unfounded due to the lack of cause of the demand and, consequently, annulled the whole process. This decision was contested, the action following in the first instance. The Court judged GDA's action as groundless and established as annual equitable remuneration, an amount per minute of the exhibitions, the amount per minute being subject to determination. At 31 December 2015 GDA presented a liquidation incidence under which it demands payment by SIC of approximately 17,700,000 Euros.

  Determination of this amount was based on a study made by a third party having as one of its assumptions the closeness of television activities to the activity of any company and its production. SIC contested GDA's demand, based on the incompetence of the court, the lack of legal capacity of GDA, which only represents national artists, interpreters and executors, having also contested the methodology presented, and in the contestation estimated its responsibility based on the effective utilisation of the services rendered by the artists, in accordance with the sentence that it intends to liquidate determines, as well as by the calculation of a price per minute for the services close to that paid by SIC to Sociedade Portuguesa de Autores, but a reduced amount in terms of the law and practice. Therefore, an amount substantially lower than that demanded by GDA was determined, this being provided for in the financial statements as of 31 December 2016 to cover the liability, which the Board of Directors, based on the opinion of its lawyers and technicians, believes is sufficient.

29.4 Tax processes in progress

In previous years the Group was notified of additional tax assessments, most of which were not recorded or paid as they are considered to have no merit:

- As a result of tax inspections carried out of ISM (in 2015 merged into Impresa) and its related tax procedures, in 2011, 2012, 2014 and 2015 Impresa was notified of additional corporate income tax assessments for the years 2008, 2009, 2010, 2011 and 2012, under which the Tax Administration did not accept the tax deductibility of interest on part of the loan from BPI to finance the acquisition of non-remunerated shareholders' loans of BPI (prior shareholder) to Solo (entity merged into ISM in prior years). The reasons alleged by the Tax Administration for this non-acceptance is that the normal and current activities of ISM do not include the granting of loans to subsidiaries (it is not a holding company) and such charges are supposedly not related to loans obtained for its direct operations. The corrections to taxable income amount to 3,415,295 Euros for 2008, 2,105,621 Euros for 2009, 2,161,788 Euros for 2010, 2,334,795 Euros for 2011 and 943,005 for 2012.

  During the year ended 31 December 2016, the Tax Authorities annulled the corporate income tax additional assessment related to 2012, in the amount of 943,005 Euros, for which a bank guarantee had been presented, amounting to 325,041 Euros, which was cancelled in April 2016.

  At 31 December 2016, the additional tax assessments had been legally contested, Impresa having provided bank guarantees of 2,991,811 Euros for the years 2010, 2011 (Note 32). As regards the contestation for the years 2008 and 2009 bank guarantees were not provided as for these years the tax consolidation presented tax losses carried forward (used in the year 2010) that offset the above mentioned tax corrections.

  The Board of Directors believes, based on the opinion of its lawyers, that the prospects of success of the claims and/or contestations that it will make are reasonable and so no provision has been recorded for that tax contingency.

(Amounts stated in Euros)

30. TRADE AND OTHER PAYABLES

At 31 December 2016 and 2015 this caption was made up as follows:

	2016	2015
Trade payables, current account	29,407,077	35,795,221
Suppliers of fixed assets, current account	469,397	149,612
	29,876,474	35,944,833

31. OTHER CURRENT LIABILITIES

This caption was made up as follows at 31 December 2016 and 2015:

	2016	2015
Other current liabilities:		
Advances from clients	224,916	3,850,439
Accrued costs:		
Commercial agreements (Note 23)	13,120,210	797,384
Personnel vacation and vacation subsidy	6,575,491	6,787,662
Other accrued costs	3,213,663	3,470,049
Cost of program production	1,564,212	4,819,706
Royalties	821,363	1,573,463
Accrued interest	339,326	372,701
Communication	327,981	456,147
Personnel commission payable	323,540	259,450
TSU - Green receipts	305,515	304,184
Authors' rights	300,000	350,000
Marketing and publicity	68,884	141,925
Personnel bonuses	12,300	595,400
	26,972,485	19,928,071
Deferred income:		
Pre-billing	2,455,037	1,669,375
Subscriptions to newspapers and magazines	1,769,893	1,747,625
Subsidies	-	11,357
Other deferred income	167,526	309,834
	4,392,456	3,738,191
State and other public entities:		
Value Added Tax	4,408,975	2,223,660
Personal income tax - withholdings at source	1,849,522	2,041,102
Social security contributions	1,644,665	1,729,187
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	1,310,966	1,134,711
Stamp tax	164,473	426,241
	9,378,601	7,554,901
Other liabilities:		
Other creditors	7,873,960	4,111,024
	48,842,418	39,182,626

(Amounts stated in Euros)

32. CONTINGENT LIABILITIES AND GUARANTEES GIVEN

The guarantees given to third parties by Impresa, SIC, Medipress and the remaining Group companies at 31 December 2016 were as follows:

At 31 December 2016 Impresa had pledged shares representing 100% of SIC's capital in guarantee of a loan from Banco BPI, S.A. to finance the acquisition of that participation (Note 27.a)).

At 31 December 2016 and 2015 the companies of the television segment had requested the issuance of the following guarantees in favour of third parties:

	2016	2015
ERC	1,995,192	1,995,192
Union des Associations Européennes de Football	1,950,000	2,600,000
Santander Novimovest	1,320,600	1,320,600
General Secretariat of the Ministry of Internal Administration ("SGMAI")	1,220,499	3,297,381
Tax department of Algés	970,283	970,283
Imopólis	44,701	44,701
Municipal Council of Oeiras	35,745	35,745
Oeiras Court	7,000	7,000
Grande Lisboa Noroeste Court	4,000	4,000
IBM	-	797,133
De Lage Cisco	-	251,959
	7,548,020	11,323,994

The guarantee given to ERC results from the requirements of current legislation to license channels and for broadcasting television contests.

Guarantee given to UEFA to ensure full compliance with the "UEFA Europa League 2015-2018" contracts.

The guarantee given to Santander Novimovest is to ensure the fulfillment of obligations resulting from the lease contract of the SIC head office with that entity, especially the payment of the rent.

The guarantees given to the General Secretariat of the Ministry of Internal Administration are to ensure fulfilment of the publicity contests, "Furo da Sorte 2016", "Janela da Felicidade", Aniversário SIC", and "Sextas Mágicas". The reduction of the amount of the guarantees is related to the existing contests at each moment.

The guarantees given to the Algés Tax Department are in connection with tax execution processes (Note 29.2).

The guarantee given to the Municipal Council of Oeiras is to ensure the repair of any damage that could be caused to the public infrastructure due to excavations and containment of land on the Outurela Road on a plot of land adjacent to the installations of SIC's headquarters.

The guarantee given to IBM in 2015 was to ensure compliance with the obligations resulting from the contract entered into with that entity relating to the DCM/DOM project of SIC, which was fully implemented at 31 December 2016.

The guarantees given to De Lage Cisco are to ensure compliance with the obligations resulting from the finance lease contracts. At 31 December 2016, the contract had ended, and SIC had acquired the goods by their residual value.

At 31 December 2015 Medipress had requested the issuance of guarantees of 15,742 Euros in favour of the General Secretariat of the Ministry of Internal Administration. The guarantees were to ensure full compliance with the publicity competition called "Grande Sorteio TV Mais". At 31 December 2016 Impresa Pubslishing did not have any guarantees in favour of third parties.

(Amounts stated in Euros)

At 31 December 2016 and 2015 the companies of the “Others” segment had requested the issuance of the following bank guarantees in favour of third parties.

	2016	2015
Tax and Customs Authority (Note 29.4)	2,991,811	3,316,853
IAPMEI	222,311	222,311
Turismo de Portugal	20,791	20,791
Infraestruturas de Portugal	9,404	-
Ambiolhão	5,651	-
EPAL - Empresa Portuguesa das Águas Livres, S.A.	-	4,096
	3,249,968	3,564,051

The guarantees given to IAPMEI relate to subsidies received from that entity regarding the Intellitouring and SINTTRA projects that are being carried out by InfoPortugal.

The guarantee given to Turismo de Portugal is to ensure compliance with the service contracts with them by InfoPortugal.

33. COMMITMENTS ASSUMED

33.1 Pensions

Certain Group companies (Impresa, Impresa Publishing and Medipress) have assumed commitments to pay their employees and remunerated members of the Board of Directors hired up to 5 July 1993, pension supplements for retirement due to age and disability. The benefits are calculated based on a percentage that increases with the number of years of service applied to the salary scale or a fixed percentage applied to the base salary defined as being the amounts in 2002.

In 1987, the Group created an autonomous pension fund to which it transferred its liability for the payment of the above pensions. In addition, Impresa Publishing assumed joint responsibility with the remaining companies to comply with all the obligations, namely for financing of the pension plan.

In accordance with an actuarial study made by the entity managing the fund, the present value of the past service liability of the above mentioned companies for current and retired employees as of 31 December 2016 and 2015 was estimated at 3,387,598 Euros and 3,264,534 Euros, respectively, the amount of the fund at those dates being 4,791,521 Euros 5,030,639 Euros, respectively.

In 2015 Medipress’ share was extinguished and liquidated. For that purpose, the Pension Fund acquired two lifelong income assurance policies in the amount of 18,129 Euros so as to ensure continuity of the payment of pensions to the beneficiaries of Medipress. The remaining amount was transferred to Impresa Publishing’s share.

(Amounts stated in Euros)

The actuarial study was made using the method known as "Projected Unit Credit" to calculate the pensions for retirement due to disability and age using the following main assumptions and actuarial and technical bases:

	2016	2015
Discount rate	1.75%	2.60%
Salary growth rate	0.00%	0.00%
Pension growth rate	0.00%	0.00%
National minimum salary growth rate	2.00%	2.00%
Actuarial tables:		
Mortality	TV 88/90	TV 88/90
Disability	EVK 80	EVK 80
Decrease due to incapacity	100% EVK 80	100% EVK 80
Retirement age	66 years	66 years

The rate used was determined based on market income rates for high quality corporate bonds, consistent with the currency and the expected period of the benefits.

The method used was based on the creation of an adjusted interest rate curve, considering the income of high quality corporate debt which covers several maturities. For this, a Eurozone interest rate swap curve was considered, obtaining, through the bootstrapping method, a zero coupon curve. The interest rate curve used resulted from the application of a risk spread to the zero coupon curve obtained. To determine the spread, the *iTraxx Europe Main*, index was used, that covers European corporate debt securities with an investment grade rating, therefore being considered of high quality. The rates for the intermediate term were obtained by straight-line interpolation, and for terms of less than 3 or more than 10 years a constant rate was used.

The pension fund is exposed to the following risks:

- Fund profitability risk

  Definition of an investment policy is the responsibility of Impresa, with the advice of the Managing Entity, respecting the limits and restrictions defined for each class of investment. Caixa Gestão de Activos, S.A. is the entity responsible for implementing the strategy and managing the financial assets of the Pension Fund. The securities held are selected considering the defined guidelines, taking into account the economic-financial realities and expectations of the evolution of the market.

  The investment policy follows a benchmark management model, which defines the maximum limits of exposure for each class of assets and reference indices for each, against which performance is measured.

  There are some deviations between the makeup of the portfolio allocated and the benchmark, due to the significant monetary market component. This is due in part to the significant excess financing of the fund.

  The composition of the portfolio of assets obeys a set of rules aimed, through systematic spreading of risks and a benchmark process, at referencing and measuring the performance and risk of the portfolio, ensuring that the principles of diversification and spreading of risk are met.

  There are also precise guidelines regarding the quality of credit that establish minimum credit notations and define the universe of investments.

  Financial flow projections were made for the liabilities up to the end of the useful life of the Pension Fund.

  This management model, not being specifically aimed at minimizing the mismatch between assets and liabilities, is justified as the residual maturity of the past service liability exceeds 70 years and its duration is of approximately 12 years, which makes an effective immunization strategy difficult. This strategy does not invalidate the rebalancing of the portfolio, considering the evolution of the liability.

In the years ended 31 December 2016 and 2015 the profitability of the fund assets was 0.26% and 2.60%, respectively. Expected income from the assets, considering the defined benchmark, was 0.79% and 0.43% in each year, which is lower than the income rate considered for the projection.

- Exchange risk

The portfolio is preferably represented by securities in the same currency as that of the liability, which is Euros. At 31 December 2016 and 2015 the percentage of the portfolio exposed to exchange risk was 0.79% and 0.43%, respectively.

- Liquidity risk

At 31 December 2016 and 2015, the Pension Fund had pension liabilities in payment which, due to the evaluation of its liquidity, was considered in the composition of the portfolio. Therefore, at those dates the percentage of the portfolio invested in the monetary market was 8.37% and 11.65%, respectively, and so the cash in the portfolio was sufficient to cover the payment of expected pensions over the next three and four years, respectively.

- Credit risk

The control of credit risk takes into consideration the maturities of each security and is made in aggregate terms, considering in isolation both the fixed and variable rate. The investment policy stipulates a minimum investment grade notation or equivalent for any security to be acquired.

At 31 December 2016, all the portfolio was made up of securities with BBB- or higher rating.

At 31 December 2015, 98.30%, of the portfolio consisted of BBB- grade or better securities.

The securities in question are analysed and are only maintained in the portfolio if they are comfortable with the issuer, as well as their maturity, being permanently monitored.

In addition, sensitivity analyses were made to variations in the portfolio of assets, as regards interest rates in both the share and real estate markets. Therefore, for the fixed income component, increases in the interest rate curve of 1% and 2% and decreases of 10% and 15% were considered simultaneously for the share and real estate markets, it having been determined that in any of the simulations, the amount of the portfolio is sufficient to cover the minimum level of solvency.

Furthermore, so as to assess the adequacy of the relationship between the assets and the liability, that in the sensitivity analyses made to the portfolio of assets to the various types of risk of the assets which, despite the expected profitability of the assets being lower than the discount rate used, if this scenario is maintained, it is not expected that it will be necessary to make any contribution to the Fund for the next 20 years.

(Amounts stated in Euros)

The changes in the amount of the past service liability for current and retired employees and the amount of the assets of the Company's plan in the years ended 31 December 2016 and 2015 were as follows:

	2016	2015
Present value of the liability for defined benefits at the beginning of the period	3,264,534	3,594,735
Benefits paid	(251,177)	(251,583)
Current service cost	32,521	39,884
Interest cost	81,613	91,487
Acquisition of lifelong rents	-	(18,129)
Actuarial (gains)/losses	260,107	(191,860)
Present value of the liability for defined benefits at the end of the period	3,387,598	3,264,534
Plan assets at the beginning of the year	5,030,639	5,166,258
Benefits paid	(251,177)	(251,583)
Interest of the plan	127,531	133,274
Acquisition of lifelong rents	-	(18,129)
Financial gain/(loss)	(115,472)	819
Plan assets at the end of the year	4,791,521	5,030,639
Surplus (Note 24)	1,403,923	1,766,105

The financial gain and loss resulting from differences between the assumptions used in determining the expected income from the assets and the effective amounts and the actuarial gain and loss between the assumptions used in determining the liability, were recorded as income and costs directly in equity, as other comprehensive income. The actuarial gain and loss recognized in the year ended 31 December 2016 result essentially from the change in the discount rate. The actuarial gain and loss recognized in the year ended 31 December 2015 result essentially from beneficiaries that had been considered in the fund leaving the Company. The remaining income and costs were recorded in the statement of profit and loss.

	2016	2015
Amounts recognized in the statement of profit and loss:		
Current service cost	(32,521)	(39,884)
Interest cost of the plan	(81,613)	(91,487)
Plan interest	127,531	133,274
	13,397	1,903
Amounts recognized as other comprehensive income:		
Actuarial gain/(loss)	(260,107)	191,860
Financial gain/(loss)	(115,472)	819
	(375,579)	192,679

At 31 December 2016 and 2015 the impact of a decrease in the discount rate in 0.5%, used in the actuarial calculations, would correspond to an increase of 179,000 in each year, in the present value of the liability.

(Amounts stated in Euros)

The portfolio of assets of the pension fund at 31 December 2016 and 2015 was made up as follows:

	2016		2015	
	Amount	%	Amount	%
Bonds	1,945,387	41%	1,440,430	29%
Public debt securities	1,405,180	29%	915,847	18%
Money market	370,085	8%	509,889	10%
Shares	639,536	13%	233,761	5%
Participating units in real estate investment funds	443,294	9%	1,888,374	38%
Cash, receivables (payables) and other short term assets (liabilities)	(11,961)	0%	42,338	1%
	4,791,521	100%	5,030,639	100%

The pension fund does not have any securities of the Impresa Group or any assets used by it.

33.2 Commitments to acquire programs

At 31 December 2016 and 2015, the Group had contracts and agreements with third parties to acquire films, series and other programs amounting to 18,064,240 Euros and 23,398,069 Euros, respectively, not included in the statement of financial position, in accordance with the valuation criteria used (Note 2.10), as follows:

	31 December 2016					31 December 2015				
	Year the titles are available					Year the titles are available				
Nature	2017	2018	2019 and following years	Without a defined date	Total	2016	2017	2018 and following years	Without a defined date	Total
Entertainment	4,175,720	-	-	-	4,175,720	6,696,772	-	-	-	6,696,772
Films	1,742,224	110,000	-	-	1,852,224	1,815,337	-	-	-	1,815,337
Format	84,731	-	-	-	84,731	72,849	-	-	-	72,849
Soap-operas	7,794,965	-	-	-	7,794,965	8,897,583	-	-	-	8,897,583
Children	733,961	39,208	-	-	773,169	1,085,322	15,865	-	89,691	1,190,878
Documentaries	85,152	-	-	-	85,152	287,557	-	-	-	287,557
60 Series	482,217	-	5,393	-	487,610	1,165,917	-	-	-	1,165,917
Mini séries	40,399	-	-	-	40,399	-	-	-	-	-
Sport	2,547,388	-	-	-	2,547,388	1,882,805	1,368,421	-	-	3,251,226
Events	219,146	-	3,736	-	222,882	19,950	-	-	-	19,950
	17,905,903	149,208	9,129	-	18,064,240	21,924,092	1,384,286	-	89,691	23,398,069

	31 December 2016					31 December 2015				
	Limit year for broadcasting the titles					Limit year for broadcasting the titles				
Nature	2017	2018	2019 and following years	Without a defined date	Total	2016	2017	2018 and following years	Without a defined date	Total
Entertainment	3,171,514	801,427	85,663	117,116	4,175,720	5,836,768	518,087	243,500	98,417	6,696,772
Films	545	123,133	1,728,182	364	1,852,224	51,876	213,874	1,549,587	-	1,815,337
Format	43,731	41,000	-	-	84,731	-	72,849	-	-	72,849
Soap-operas	7,756,161	-	38,804	-	7,794,965	6,942,000	-	-	1,955,583	8,897,583
Children	41,694	341,836	389,639	-	773,169	41,863	667,685	391,639	89,691	1,190,878
Documentaries	50,124	35,027		-	85,152	49,269	113,381	124,907	-	287,557
60 Series	23,338	99,147	359,732	5,393	487,610	13,233	540,370	612,314	-	1,165,917
Mini séries	-	14,945	25,455	-	40,399	-	-	-	-	-
Sport	1,178,967	1,368,421	-	-	2,547,388	514,384	1,368,421	1,368,421	-	3,251,226
Events	121,682	71,415	26,049	3,736	222,882	-	-	19,950	-	19,950
	12,387,756	2,896,351	2,653,524	126,609	18,064,240	13,449,393	3,494,667	4,310,318	2,143,691	23,398,069

33.3. Commitments for the acquisition of tangible fixed assets

At 31 December 2016 and 2015, the commitments assumed for the acquisition of tangible fixed assets amounted to approximately 680,808 Euros and 998,338 Euros, respectively.

(Amounts stated in Euros)

33.4. Operating leases

In 2004 SIC sold its head office building to an investment fund for 12,300,000 Euros and signed a lease contract to rent back the building for a period of 15 years at an annual rent of 816,500 Euros in the first year and 873,000 Euros as from the second year, subject to annual adjustment based on inflation.

In 2009 GMTS signed a contract to lease a property in which the SIC studios are located for a period of five years, paying an annual rent of approximately 236,000 Euros, subject to annual adjustment in accordance with the applicable Ministerial Order.

In addition, the Group uses other assets under operating lease.

The operating lease contracts do not have contingent lease payments. The payments under the operating lease contracts mature as follows:

	2016	2015
within one year	2,082,743	2,064,451
from one to five years	2,985,711	4,174,045
more than five years	266,698	369,345
	5,335,152	6,607,841

In the years ended 31 December 2016 and 2015 the Group recognized operating lease costs of approximately 1,993,957 Euros and 1,926,000 Euros, respectively, in the consolidated statement of profit and loss and other comprehensive income.

34. RELATED PARTIES

The balances at 31 December 2016 and 2015 and transactions during the years then ended with related parties were as follows:

31 December 2016:

	Balances			
	Demand deposits	Receivables	Payables	Borrowings
Shareholders:				
BPI Group	2,145,436	2,012,440	-	107,947,049
Madre Group (SP - Televisão, Lda.)	-	219,040	5,350,377	-
Associates:				
Vasp - Distribuidora de Publicações, S.A. ("Vasp")	-	2,033,159	40,216	-
Vasp Premium - Entrega personalizada de publicações, Lda. ("Vasp Premium")	-	-	49,229	-
Vasp TMK - Soluções de Trademarketing, Lda. ("Vasp TMK")	-	-	19,449	-
Lusa - Agência de Notícias de Portugal, S.A. ("Lusa")	-	-	92,250	-
DPS - Digital Priting Services, Lda. ("DPS")	-	-	1,111	-
Others:				
Compta - Equipamentos e Serviços de Informática, S.A. ("Compta")	-	-	17,254	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	-	-	164,985	-
	2,145,436	4,264,640	5,734,871	107,947,049

(Amounts stated in Euros)

	Transactions				
	Services obtained	Personnel costs	Financial costs	Sales and services rendered	Financial income
Shareholders:					
BPI Group	89,784	-	-	-	-
Madre Group (SP - Televisão, Lda.)	-	-	3,960,941	319,349	16,798
Associates:	23,278,949	-	-	737,012	-
Vasp (Note 8)					
Vasp Premium	219,300	-	-	18,226,459	-
Vasp TMK	183,431	-	-	-	-
Lusa	62,665	-	-	-	-
DPS	369,133	-	-	-	-
Others:	4,973	-	-	-	-
Board of Directors		571,440			
Compta	4,750	-	-	-	-
Compta - Infra-estruturas e Segurança, S.A. ("Compta Infra-estruturas")	17,871	-	-	-	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	310,124	-	-	-	-
	24,540,980	571,440	3,960,941	19,282,820	16,798

31 December 2015:

	Balances			
	Demand deposits	Receivables	Payables	Borrowings
Shareholders:				
BPI Group	2,232,292	1,799,590	-	106,462,949
Madre Group (SP - Televisão, Lda.)	-	364,215	4,040,476	-
Associates:				
Vasp - Distribuidora de Publicações, S.A. ("Vasp")	-	2,215,459	28,322	-
Vasp Premium - Entrega personalizada de publicações, Lda. ("Vasp Premium")	-	338	50,952	-
Vasp TMK - Soluções de Trademarketing, Lda. ("Vasp TMK")	-	-	13,870	-
Lusa - Agência de Notícias de Portugal, S.A. ("Lusa")	-	-	104,380	-
DPS - Digital Priting Services, Lda. ("DPS")	-	-	2,137	-
Others:				
Board of Directors (a)	-	-	583,000	-
Compta - Equipamentos e Serviços de Informática, S.A. ("Compta")	-	-	4,503	-
Compta - Infra-estruturas e Segurança, S.A. ("Compta Infra-estruturas")	-	-	17,672	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	-	-	140,495	-
	2,232,292	4,379,602	4,985,807	106,462,949

(a) This amount includes the accrual of an extraordinary career merit bonus to the former Managing Director of the Group, in the amount of 583,000 Euros, which was paid in 2016.

(Amounts stated in Euros)

	Transactions				
	Services obtained	Personnel costs	Financial costs	Sales and services rendered	Financial income
Shareholders:					
Impreger	89,784	-	-	-	-
BPI Group	-	-	5,109,779	295,884	14,608
Madre Group (SP - Televisão, Lda.)	19,466,201	-	-	961,033	-
Associadas:					
Vasp (Note 8)	198,971	-	-	21,282,994	-
Vasp Premium (Note 8)	122,250	-	-	275	-
Vasp TMK	60,437	-	-	-	-
Lusa	379,205	-	-	-	-
DPS	7,897	-	-	-	-
Others:					
Board of Directors	-	1,805,161	-	-	-
Compta	390	-	-	-	-
Compta Infra-estruturas	21,238	-	1,500	-	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	375,323	-	-	7,000	-
	20,721,696	1,805,161	5,111,279	22,547,186	14,608

The terms and conditions practiced in transactions between Impresa and related parties are substantially the same to those that would normally be contracted, accepted and practiced between independent entities in comparable operations. Some of Impresa's shareholders are financial institutions with which commercial agreements are established in the normal course of Impresa's operations, with similar conditions to those currently contracted with independent entities. The transactions carried out under the commercial agreements relate essentially to advertising services rendered by the Impresa Group and the granting of loans by the financial institutions. In the beginning of 2005, the Group acquired from the BPI Group and other small shareholders, 49% of SIC's share capital and obtained a loan of 152,500,000 Euros (Note 27) to finance the acquisition.

Balances and transactions between the consolidated companies were eliminated in the consolidation process and are shown in Note 8.

Considering the governance structure of the Group and the decision making process, the Group only considers as "Key management personnel's the Board of Directors, since the main decisions related to its activity are taken by the Managing Director and the Board of Directors. During the years ended 31 December 2016 and 2015, the transactions with the Board of Directors relate essentially to the remuneration paid.

In the years ended 31 December 2016 and 2015, pension supplements of 184,739 Euros were paid each year to the Chairman of the Board of Directors by the pension fund.

In these years no long term benefits relating to termination of contracts or payments in shares were attributed to members of the Board of Directors. However, as explained above, a career merit bonus of 583,000 Euros payable to the former Managing Director was paid in 2016, which had been accrued in 2015.

35. RATES USED TO TRANSLATE FOREIGN CURRENCY BALANCES

The following rates were used to translate foreign currency assets and liabilities to Euros at 31 December 2016 and 2015:

	2016	2015
US Dollar (USD)	1.0541	1.0887
Swiss Franc (CHF)	1.0739	1.0835
Pound Sterling (GBP)	0.8562	0.7340
Australian Dollar (AUD)	1.4596	1.4897
Canadian Dollar (CAD)	1.4188	1.5116

(Amounts stated in Euros)

36. FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that the subsidiary companies carry out their operations from a going concern standpoint. In this respect, the Group periodically analyses the capital structure (own and third party) and debt maturities of all the companies therein, financing them when necessary.

The financial instruments at 31 December 2016 and 2015 were as follows:

	2016	2015
Financial assets:		
Receivables	48,216,625	33,709,704
Cash and cash equivalents (Note 25)	-	3,430,627
	48,216,625	37,140,331
Financial liabilities:		
Borrowings	180,860,879	176,225,828
Payables	79,088,992	81,101,268
Cash and equivalents (Nota 25)	1,974,513	-
	261,924,384	257,327,096

The Group believes that the amounts at which the loans at 31 December 2016 and 2015 are recorded do not differ significantly from their fair value or exceed fair value. Fair value of the borrowings depends significantly on the risk level attributed by the financing entities and conditions under which Impresa would, at 31 December 2016 and 2015, be able to obtain if it went to the market to contract loans with similar terms and amounts as those that it had at that date.

The Group believes that the majority of loans have market spreads as they have been negotiated recently or the rates are updated periodically and so their conditions are updated in relation to the current situation of the financial markets, so reflecting the risk level attributed by the lenders.

Borrowings that have not been subject to renegotiation were contracted under more favourable market conditions than those currently existing and so fair value should not exceed book value.

The Impresa Group is exposed essentially to the following financial risks:

a) Interest rate risk

Interest rate risk relates essentially to interest cost on several loans subject to variable interest rates. The loans contracted are exposed to changes in the market rates of interest (Note 27).

If market interest rates in the years ended 31 December 2016 and 2015 were 0.5% higher or lower, net profit for these years would have decreased or increased by approximately 920,000 Euros and 890,000 Euros, respectively, without considering the tax effect.

b) Exchange rate risk

Exchange rate risk refers to receivables and payables in currencies other than the Euro, the Group’s currency.

Exchange rate risk at 31 December 2016 and 2015 relates essentially to the acquisition of television broadcasting rights from foreign producers. So as to reduce the risk to which the Company is exposed, a loan was contracted, which at 31 December 2016 and 2015 amounted to 5,138,685 Euros, which was converted to a USD term deposit, which at 31 December 2016 and 2015 amounted to 7,115,074 Euros and 6,888,950 Euros (Note 24).

During the year ended 31 December 2016, the Group entered into exchange forward contracts (determined over the amount of 9,000,000 USD), with the objective of hedging exchange risks. However, at 31 December 2016 the Group did not have any forward contract. In 2015 the Group did not contract exchange forwards.

The foreign currency balances payable, expressed in Euros at the exchange rates in force on 31 December 2016 and 2015 were as follows:

	2016	2015
US Dollar (USD)	3,409,113	4,343,672
Swiss Franc (CHF)	18,586	8,174
Pound Sterling (GBP)	23,313	8,863
Australian Dollar (AUD)	2,960	2,900
Canadian Dollar (CAD)	297	279
	3,454,269	4,363,888

At 31 December 2016 and 2015, the Group had foreign currency receivables of 2,441,316 USD and 3,489,200 USD, respectively.

c) Credit risk

Credit risk relates essentially to accounts receivable resulting from the operations of several Group companies (Note 23). In order to reduce credit risk, the Group companies have defined policies for granting credit, with defines credit limits by client and collection terms and discount policies for payment in advance or in cash. The credit risk of each Group business is monitored regularly with the objective of:

- limiting credit granted to customers considering the profile and age of the account receivable;
- monitor evolution of the level of credit granted;
- review the recoverability of amounts receivable on a regular basis.

Impairment losses on accounts receivable are calculated considering:

- a review of the aging of accounts receivable;
- risk profile of the customer;
- historical commercial and financial relationship with the customer;
- existing payment agreements;
- financial condition of the customers.

The changes in impairment losses on accounts receivable are shown in Note 29.1.

The Board of Directors believes that the impairment losses on accounts receivable are adequately reflected in the financial statements, there being no need to increase the impairment losses on accounts receivable.

Receivables at 31 December 2016 and 2015 include amounts overdue as follows, for which impairment losses were not recognized as the Board of Directors believes that they are collectible.

Overdue balances	2016	2015
Up to 90 days	7,610,006	5,268,744
From 90 to 180 days	2,420,959	1,024,952
More than 180 days	1,390,876	1,813,486
	11,421,841	8,107,182

(Amounts stated in Euros)

In addition, accounts receivable at 31 December 2016 and 2015 include balances not yet due, their maturity dates being defined contractually as follows:

Due dates	2016	2015
2016	-	245,555
2017	267,639	238,902
2018	232,962	232,429
2019	226,650	226,650
2020 and following years	685,472	615,352
	1,412,723	1,558,888

d) Liquidity risk

Liquidity risk exists if the funding sources such as operating cash flows, divestment, credit lines and flows from financing operations do not meet the financing needs such as cash outflow for operating and financing activities, investment, shareholder remuneration and debt repayment.

In order to reduce this risk, the Group endeavours to maintain a liquid position and average debt maturities that enable it to repay debt under reasonable conditions. At 31 December 2016 and 2015 the amount of cash and credit lines approved and not used amounted to approximately 30,815,000 Euros and 58,086,000 Euros, respectively, which in the opinion of the Board of Directors, considering the main cash flow projections for 2017, will be sufficient to settle all the Company's current liabilities. Financial indebtedness at 31 December 2016 and 2015 matures as follows:

	2016				
Financial liabilities	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Remunerated:					
Borrowing (a)	46,130,590	51,746,179	15,787,100	67,197,010	180,860,879
Finance lease liability	113,399	96,447	98,142	62,112	370,100
Cash and equivalents (Note 25)	1,974,513	-	-	-	1,974,513
Suppliers' credits guaranteed by third parties	5,196,576	-	-	-	5,196,576
	53,415,078	51,842,626	15,885,242	67,259,122	188,402,068
Not remunerated:					
Trade payables	29,407,077	-	-	-	29,407,077
Suppliers of fixed assets	469,397	-	-	-	469,397
Other current liabilities	43,645,842	-	-	-	43,645,842
	73,522,316	-	-	-	73,522,316
	126,937,394	51,842,626	15,885,242	67,259,122	261,924,384

	2015				
Financial liabilities	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Remunerated:					
Borrowing (a)	34,157,971	16,406,193	50,379,125	75,282,539	176,225,828
Finance lease liability	1,275,418	886,324	3,812,067	-	5,973,809
Suppliers' credits guaranteed by third parties	1,158,695	-	-	-	1,158,695
	36,592,084	17,292,517	54,191,192	75,282,539	183,358,332
Not remunerated:					
Trade payables	35,795,221	-	-	-	35,795,221
Suppliers of fixed assets	149,612	-	-	-	149,612
Other current liabilities	38,023,931	-	-	-	38,023,931
	73,968,764	-	-	-	73,968,764
	110,560,848	17,292,517	54,191,192	75,282,539	257,327,096

(a) This caption does not include bank overdrafts.

(Amounts stated in Euros)

37. SUBSEQUENT EVENTS

In March 2017, it was decided to initiate a restructuring plan at SIC, which will involve the dismissal of approximately 20 employees.

38. OTHER INFORMATION

As of 31 December 2016 and 2015, the amount of anual remuneration paid by the Group to the external auditor and other entities or individuals belonging to the same network were as follows:

	2016	2015
By Impresa (a)		
Auditing Services	30,000	37,000
Other assurance services	2,700	1,800
Tax	-	2,000
	32,700	40,800
By other Group entities (a)		
Auditing Services	283,300	278,200
Other assurance services	-	500
Tax	1,000	19,500
Other services	52,000	440
	336,300	298,640
Total	369,000	339,440

(a) Including consolidated and separate accounts

39. NOTE ADDED FOR TRANSLATION

These financial statements are a translation of financial statements originally issued in Portuguese in conformity with International Financial Reporting Standards as endorsed by the European Union. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

STATUTORY AUDIT CERTIFICATION / AUDIT REPORT

(Translation of a report originally issued in Portuguese – in the event of discrepancies, the original version in Portuguese prevails)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Impresa – Sociedade Gestora de Participações Sociais, S.A. (the Entity) and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2016 (which shows a total of 413,983,936 Euros and total equity of 144,241,685 Euros, including a consolidated net profit of 2,759,895 Euros), the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash-flows for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements present true and fairly, in all material respects, the consolidated financial position of Impresa – Sociedade Gestora de Participações Sociais, S.A. as at 31 December 2016, its financial performance and consolidated cash-flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further standards, technical and ethical directives of the Portuguese Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent from the entities that constitute the Group in the terms of the law and we have fulfilled our other ethical responsibilities arising from the requirements of the ethical code of the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas").

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement

Impairment of goodwill
(referred to in Notes 2.4 and 17 to the consolidated financial statements)
 	
The consolidated statement of financial position as of 31 December 2016 includes in the caption Goodwill the amount of 300,892,821 Euros, generated in business combinations occurred in previous years, related, essentially, to the television and publishing cash generating units. The realization of goodwill depends on the future cash-flows to be generated by the corresponding cash generating units, thus, there is the risk that these may not be sufficient to realize the amount of the corresponding goodwill. As referred to in Note 17 to the consolidated financial statements, the Group performs impairment analysis annually, or whenever there are indicators of impairment, using the discounted cash-flows method, based on five years projections for each business, considering a perpetuity from the fifth year onwards, which include several assumption which are detailed in Note 17 to the consolidated financial statements. Considering the amount of this caption, as well as the significant number of the judgements and estimates involved in the impairment tests, the impairment analysis of goodwill is a key audit matter.
	Our main procedures to mitigate this risk included:
	▪ Tests to internal controls deemed relevant related to the impairment analyses;
	▪ Obtaining the impairment analyses carried out by the Management resorting to an external entity: (i) analysis of the reasonableness of the assumptions used, (ii) comparison of the cash-flows projected in the analyses, including the main assumptions considered, with the historical performance of the cash generating units and corresponding budgets approved by the management, and (iii) verification of their arithmetical accuracy.
	▪ Involving our internal experts to:
	  ▪ Evaluate the assumptions used to compute the discount rates and the perpetuity growth rate;
	  ▪ Evaluate the projections of future cash-flows used in the impairment analyses, in order to determine if they are reasonable considering the current economic and market situation, and the expected future performance of the corresponding cash generating units.

Revenue recognition of advertising in television (Referred to in Notes 2.15 and 9 to the consolidated financial statements) Revenues generated by television are the main source of revenues of the Group, namely through advertising broadcasting. These revenues result, essentially, from advertising campaigns made by clients in television through a high number of transactions, the respective audiences and the conditions agreed with clients. As mentioned in Note 2.15 to the consolidated financial statements, the measurement of such revenues depend on the measurement and profile of the respective audiences, the discounts to be granted subject to the advertising investment made by the customers and the remaining conditions agreed with them. As such, there is the risk that the revenues from the referred campaigns be incorrectly recorded, namely the accurate measurement of audiences and the application of the discounts to be granted which may be agreed and the remaining conditions agreed.	Our main procedures included: ▪ Understanding of the process for determining advertising revenues by the relevant supporting Billing systems, in which we involved our internal experts, and evaluation of the internal control procedures deemed relevant for measuring and recording advertising revenues; ▪ Evaluation of the television advertising revenue recognition policy adopted by the Group, considering the applicable accounting standards; ▪ Analysis of the main variations in revenues compared to prior year, considering the main indicators for the measurement of the activity; ▪ For a sample of advertising order, recompute the revenue generated, by reference to the commercial conditions agreed, related broadcasting and/or audience reached in the corresponding time frame; ▪ Reconciling the Billing system with the accounting records;

- Comparing the amounts recorded by the Group related to discounts granted and to be granted to clients, with those resulting from the respective advertising investment and the commercial conditions approved by the Group, as well as the credit notes issued to clients related to commercial discounts;
- Analysis of the reliability of the estimates made by the management, with reference to the comparison between the discounts granted during the year with the estimates recorded in previous years.

Responsibilities of Management and Supervisor Body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that present true and fairly, in all material respects, the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards as adopted by the European Union;

- the preparation of a management report, including the corporate governance report under the applicable legal and regulatory terms;

- the implementation and maintenance of an appropriate internal control system that allows the preparation of financial statements that are free from material misstatements due to fraud or error;

- the adoption of accounting principles and criteria appropriate in the circumstances; and

- the evaluation of the Group's ability to continue as a going concern, disclosing, whenever applicable, the matters that may cast significant doubt on the continuity of the Entity's operations.

The Supervisory Body is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility consists in obtaining a reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;

- we communicate with those charged with governance, including the Supervisory Body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

- from the matters communicated with those charged with governance, including the Supervisory Body, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;

- we provide the Supervisory Body with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes also the verification of the agreement between the information included in the Management report with the consolidated financial statements, and the verifications required in article 451, numbers 4 and 5, of the Portuguese Commercial Code ("Código das Sociedades Comerciais").

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

In compliance with article 451, number 3.e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), in our opinion, the Management report was prepared in accordance with the applicable law and regulations and the information included therein is in agreement with the audited consolidated financial statements, and considering our knowledge and appreciation of the Group, we did not identify material misstatements.

About the corporate governance report

In compliance with article 451, number 4, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material mistakes in the information disclosed in such report, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

About the additional elements included in article 10 of Regulation (UE) 537/2014

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16th, 2014, and beyond the key audit matters mentioned above, we further report on the following:

- Deloitte & Associados, SROC S.A. as a member of the Deloitte network, has been the Statutory Auditor of the Group over 14 years. We have been appointed/elected in the shareholders' general assembly that took place on 29 April 2015 for the mandate in progress which ends in 2018.

- The Supervisory Body confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional skepticism and designed audit procedures to respond to the risk of material misstatements in the consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated financial statements due to fraud.

- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Group's Supervisory Body as at 15 March 2017.

- We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors and that we kept our independence from the Group during the execution of the audit.

Lisbon, 15 de March 2017

Deloitte & Associados, SROC S.A.
Represented by Tiago Nuno Proença Esgalhado, ROC

HJ/mj

LIST OF QUALIFYING SHAREHOLDERS

AS REFERRED TO IN SUBPARAGRAPH B) DO Nº1 DO ARTº 8º

OF CMVM REGULATION NUMBER Nº 05/2008

(with reference to 31 December 2016)

Qualifying Shareholder	Numberof Shares Held	Percentage Voting Rights
IMPREGER - Sociedade Gestora de Participações Sociais, S.A.		
* Directly	84.514.588	50,306%
* Through the Chairman of the Board of Directors,		
Dr. Francisco José Pereira Pinto de Balsemão	2.520.000	1,500%
* Through the Deputy Chairman of the Board of Directors,		
Engº Francisco Maria Supico Pinto Balsemão	8.246	0,005%
* Through the Chairman of the Board of Directors,		
Dr. António Flores de Andrade	160	0,000%
Total imputable	**87.042.994**	**51,811%**
(a) – A IMPREGER, Sociedade Gestora de Participações Sociais, SA is majority held by the company BALSEGER, Sociedade Gestora de Participações Sociais, S.A., wich is 99,99% held by Dr. Francisco José Pereira Pinto de Balsemão, hence the correspondingvoting rights are also imputable to him.		
INVESCO - Ltd		
* Through da Invesco Holding	11.386.981	6,778%
Total imputable	**11.386.981**	6,778%
Madre - Sociedade Gestora de Participações Sociais, S.A.		
* Directly	8.048.689	4,791%
Total imputable	**8.048.689**	**4,791%**
(a) – A Madre – Sociedade Gestora de Participações Sociais, SA, is controlled by Madre – Empreendimentos Turísticos, SA, which, in turn, is controlled by Sr. António da Silva Parente, hence the corresponding voting rights are also imputable to him.		
BANCO BPI, S.A.		
* Directly	6.200.000	3,690%
Total imputable	**6.200.000**	**3,690%**
Santander Asset Management, S.A.		
* Through the Fundo Santander Acções Portugal	7.726.841	4,599%
* Through the Fundo Santander PPA	164.400	0,098%
Total Imputable	**7.891.241**	**4,697%**
Newshold - S.G.P.S.		
* Directly (a)	4.038.764	2,404%
Total Imputable	**4.038.764**	**2,404%**
(a) – A Newshold – S.G.P.S., SA is 91,25% held by Pineview Overseas, SA, hence the corresponding voting rights are also imputable to it.		

INFORMATION REFERRED TO IN ART^{os} 447º OF THE C.S.C. AND 14º OF CMVM REGULATION Nº 5/2008

(Shares held by members of the administration and supervisory bodies of the company with reference to 31/12/16)

Indication of shares:

Members of the Management and Supervisory Body	Shares			
	Held on 31.12.15	Acquired	Transferred	Held on 31.12.16
Francisco José Pereira Pinto de Balsemão	2.520.000	0	0	2.520.000
Francisco Pedro Presas Pinto de Balsemão	100	0	0	100
Francisco Maria Supico Pinto Balsemão	8.246	0	0	8.246
Alexandre de Azeredo Vaz Pinto	140	0	0	140
António Soares Pinto Barbosa	0	0	0	0
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	0	0	0	0
José Manuel Archer Galvão Teles	0	0	0	0
João Nuno Lopes de Castro	0	0	0	0

Francisco José Pereira Pinto de Balsemão (Chairman of the Board of Directors) – Held, on 31.12.2015, 2,520,000 IMPRESA shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016. In IMPREGER – Sociedade Gestora de Participações Sociais, SA, which is in a relationship of control with IMPRESA, held, through BALSEGER, SGPS, SA, in which he holds a 99.99999% stake, on 31.12.2015, 12,095,376 shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016. His wife, Maria Mercedes Aliú Presas Pinto de Balsemão, held, on 31.12.2015, 868 IMPRESA shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016. IMPREGER – Sociedade Gestora de Participações Sociais, SA, of whom he is Chairman of the Board of Directors, held, on 31.12.2015, 84,514,588 shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016. The company Francisco Pinto Balsemão, Lda., in which he is Manager, held, on 31.12.2015, 140 shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016.

Francisco Maria Supico Pinto Balsemão (Deputy Chairman of the Board of Directors) – Held 8,246 IMPRESA shares as at 31.12.15, a position which, since there was no acquisition/disposal of shares in 2016, remained the same as at 31.12.16. Concerning IMPREGER – Sociedade Gestora de Participações Sociais, SA, of which he is a Director, he held 84,514,588 shares as at 31.12.15, a position which, since there was no acquisition/disposal of shares in 2016, remained the same as at 31.12.16.

Francisco Pedro Presas Pinto de Balsemão (Chief Executive Officer) – Made no acquisition/divestment in 2016.

Alexandre de Azeredo Vaz Pinto (Member of the Board of Directors and Chairman of the Audit Committee) – Held 140 IMPRESA shares as at 31.12.15, a position which, since there was no acquisition/disposal of shares in 2016, remained the same as at 31.12.16.

António Soares Pinto Barbosa (Member of the Board of Directors and of the Audit Committee) – Made no acquisition/divestment in 2016.

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Member of the Board of Directors and Audit Committee) – Made no acquisition/divestment in 2016. José Manuel Archer Galvão Teles (Member of the Board of Directors) – Made no acquisition/divestment in 2016.

João Nuno Lopes de Castro (Member of the Board of Directors) – Made no acquisition/divestment in 2016.

Statutory Auditor	Shares			
	Held on 31.12.15	Acquired	Transferred	Held on 31.12.16
Deloitte & Associados, SROC, SA - (Fiscal Único)	0	0	0	0
Luís Augusto Gonçalves Magalhães (ROC) – (Suplente)	0	0	0	0

Indication of bonds:

Members of the Management and Supervisory Body	Bonds			
	Held on 31.12.15	Acquired	Transferred	Held on 31.12.16
Francisco José Pereira Pinto de Balsemão	0	0	0	0
Francisco Pedro Presas Pinto de Balsemão	0	0	0	0
Francisco Maria Supico Pinto Balsemão	0	0	0	0
Alexandre de Azeredo Vaz Pinto	0	0	0	0
António Soares Pinto Barbosa	0	0	0	0
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	0	0	0	0
José Manuel Archer Galvão Teles	0	0	0	0
João Nuno Lopes de Castro	0	0	0	0

Francisco José Pereira Pinto de Balsemão (Chairman of the Board of Directors) – Made no acquisition/divestment in 2016.

Francisco Maria Supico Pinto Balsemão (Deputy Chairman of the Board of Directors) – Made no acquisition/divestment in 2016.

Francisco Pedro Presas Pinto de Balsemão (Chief Executive Officer) – Made no acquisition/divestment in 2016.

Alexandre de Azeredo Vaz Pinto (Member of the Board of Directors and Chairman of the Audit Committee) – Made no acquisition/divestment in 2016.

António Soares Pinto Barbosa (Member of the Board of Directors and of the Audit Committee) – Made no acquisition/divestment in 2016.

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Member of the Board of Directors and Audit Committee) – Made no acquisition/divestment in 2016.

José Manuel Archer Galvão Teles (Member of the Board of Directors) – Made no acquisition/divestment in 2016.

João Nuno Lopes de Castro (Member of the Board of Directors) – Made no acquisition/divestment in 2016.

Statutory Auditor	Bonds			
	Held on 31.12.15	Acquired	Transferres	Held on 31.12.16
Deloitte & Associados, SROC, SA - (Fiscal Único)	0	0	0	0
Luís Augusto Gonçalves Magalhães (ROC) – (Suplente)	0	0	0	0

ANNEX REFERRED TO IN ARTº 448º
OF THE COMMERCIAL COMPANY CODE
(with reference to 31 December 2016)

<u>With more 1/2 of capital</u>

Shareholder	Quantity of Share Held
IMPREGER – Sociedade Gestora de Participações Sociais, SA	87.042.994 shares

Audit Commitee Report

Annual Accounts 2016

IMPRESA – SGPS, S.A.
Sociedade Aberta
Capital Social Eur 84.000.000
Rua Ribeiro Sanches, 65
1200–787 Lisboa
NIPC 502 437 464
Conservatória do Registo Comercial de Lisboa

ACTIVITY REPORT
OF THE
AUDIT COMMITTEE

2016

1. Introduction

The Audit Committee, elected for the four-year term of office 2015-2018, is composed by the following members:

- Chairman - Alexandre de Azeredo Vaz Pinto
- Members - António Soares Pinto Barbosa
  - Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

The majority of the members of the Audit Committee meet the compatibility criteria for the performance of their duties as established in article 414-A of the Companies Code. The composition of the Audit Committee complies with the requirements stipulated in article 3º, combined with number 8 of article 9, of Law 148/2015, of 9 September.

The members of the Audit Committee participated in all the meetings of the Board of Directors, to which they were correctly called in due time, and on which they subsequently received the corresponding minutes, having presented, whenever relevant, the appropriate recommendations and suggestions concerning internal audit, external audit and risk control.

During 2016, the Audit Committee held 10 meetings, dedicated to the follow-up and supervision of the Company's management and efficacy of the internal control and risk management system.

The Audit Committee received all the minutes of the meetings of the Executive Committees of the operational companies in due time.

The efficacy of the internal control and risk management system, in the Committee's opinion, assures the quality and integrity of the financial information provided by the Company's administration and compliance with the applicable legal, regulatory and statutory provisions.

The Company maintains an internal control and risk management system, where the Chief Executive Officer (CEO) and the Executive Committees of the operational companies, in coordination with the Audit Committee, are responsible for its implementation, assessment and compliance. During 2016, the Audit

Committee continued to supervise the quality, integrity and efficacy of the internal control and risk management system, and monitor the improvements implemented with a view to rectifying shortcomings.

The Audit Committee reviewed and approved the work plans of the External Auditor and held periodic meetings to assess the work carried out and review the corresponding results.

Following the extinction, in 2015, of the Internal Audit Division, the Audit Committee decided to intensify its contacts with the Administrative and Financial Division and with the Chief Technology Officer (CTO), concentrating and focus on reviewing processes whose nature and/or amounts involved imply higher potential risks and open the possibility, when justified, of hiring supplementary internal audit services from specialised firms.

2. External Audit

2.1 Audit and review of accounts

The Audit Committee represents the company, for all purposes, before the External Auditor and ensures that suitable conditions exist for the provision of these services. It is also the company's representative when dealing with the External Auditor, and the first receiver of the respective reports.

The Audit Committee regularly supervised the work of the External Auditor, promoting regular meetings with the Chartered Accountant and its employees. During 2016, six meetings were held between the External Auditor and the Audit Committee.

The progress achieved in the work leading up to the audit of the accounts, the atmosphere of cooperation of the company's departments with the External Auditor, any weaknesses found in the implemented internal control system and adopted accounting policies, and the material effects of the implemented accounting policies and procedures were discussed in meetings.

The assessments and recommendations for improving the internal control system presented by the External Auditor were reported by the Audit Committee to the Board of Directors. During 2016 the External Auditor submitted detailed conclusions on the information systems control environment.

The regular meetings held with the External Auditor enabled the Audit Committee to ensure the integrity, rigour, competence, quality and independence of the review and audit of the accounts conducted by the auditors, as well as the reliability of the financial information published.

The External Auditor cooperated with the Audit Committee over the course of 2016 with regard to all the issues raised. The External Auditor formally informed the Audit Committee that, during the year, its duties were conducted in conformity with compliance with its duties of independence.

In particular, compliance with the specific legal standards and accounting policies and criteria with significant impact on the accounts of IMPRESA was discussed with the External Auditor, as well as the changes occurred in the supervision arrangements.

Thus, the accounting policies, criteria and procedures, among other aspects concerning the financial year of 2016, were discussed related to:

- Preparation of goodwill and other impairment tests, namely regarding the consistency of the underlying assumptions;
- Adjustment of the policy on provisions and contingencies, specifically concerning ongoing tax proceedings and lawsuits;
- Liquidation of the FICA Fund;
- Control of stock consumption;
- Recognition of revenue;
- Monitoring of accounts receivable;
- Evolution of debt;
- Valuation of real estate properties.

The following documents were examined by the Audit Committee:

(i) Additional to the Activity Report of the Audit Committee, related to the financial year of 2016, and pursuant to Article 24.º, from the Legal Supervisory Code and Audit Committee and approved by the law 148/2015, of 9th September, and pursuant to Article 11º from UE Law from European Parliament and of the Council 537/2014, of 16th April 2014.

(ii) Legal Certification of Accounts and Auditor's Report related to Consolidated Financial Statements of Impresa, SGPS, for the 31 December 2016.

(iii) Legal Certification of Accounts and Auditor's Report related to Financial Statements of Impresa, SGPS, for the 31 December 2016

3.2 Fees for Review of Accounts and Other work undertaken by the auditor

Whenever applicable, the Audit Committee was requested to assess and issue its approval, duly recorded in minutes, relative to the hiring of the External Auditor for the provision of services other than review of accounts, with a view to ensuring that the independence of the auditor was not compromised. The assessment took into consideration, namely, the reasonableness of the proposed prices and the level of specific knowledge on the business sector.

In 2016, the total services rendered by the External Auditor/Chartered Accountant amounted to € 369,000, of which € 313,300 corresponded to the legal review of accounts and € 2,700 to reliability assurance services, € 1,000 to tax advisory services relative to 2015, and € 52,000 to a study on measurement of television audiences.

3.3 Business conducted between the company and owners of qualifying holdings or entities which are related to them in any way

For purposes of prior appraisal of any business to be conducted between the company and owners of qualifying holdings or entities which are related to them in any way, the Audit Committee defined that transactions representing more than 1% of the consolidated variable costs of the Group for the year before that to which the business refers, are considered to be of significant relevance.

In 2016, the Audit Committee issued its opinion on the addendum to the partnership contract for provision of television services and its implementation.

3.4 Specific opinion on the conditions of independence of the auditor

Throughout 2016, the Audit Committee appraised the activity of the External Auditor, regularly monitoring and assessing its independence and performance of duties, having concluded on the non-existence of situations of conflicts of interest and having considered that the review of accounts work was satisfactory.

The assessment of the External Auditor was also discussed at the meetings of the Audit Committee, with no reason having been found, so far, for its dismissal and consequent replacement.

3.5 Opinion on the Single Management Report and Appropriation of Net Profit

Under the terms of subparagraph f) of article 423-F of the Commercial Companies Code, the Audit Committee issues a favourable opinion on the Single Management Report relative to 2016 and respective appropriation of net income proposed by the Board of Directors.

The Audit Committe acknowledges that all the information included in the management reports produced by the Group, was executed in compliance with the aplicable accounting rules, giving a true and appropriate image of the assets and liabilities, of the financial situation and of the earnings, and the management report provides a correct view of the business evolution and its development, including the main risks and uncertainties that Group IMPRESA faces

3.6 Opinion on the Corporate Governance Report

Pursuant to nº 5 of the Article 420.º, from the Commercial Companies Code the Audit Committee. I also issues a favourable opinion to the Corporate Governance Report relative to 2016, which includes the requirements stipulated by the Article 245º A of the Securities Code.

Lisbon, March 16th 2017

The Audit Committee

Alexandre de Azeredo Vaz Pinto

António Soares Pinto Barbosa

Maria Luísa Anacoreta Correia

Corporate Governance Report

Annual Accounts 2016

IMPRESA – SGPS, S.A.
Sociedade Aberta
Capital Social Eur 84.000.000
Rua Ribeiro Sanches, 65
1200–787 Lisboa
NIPC 502 437 464
Conservatória do Registo Comercial de Lisboa

CORPORATE GOVERNANCE REPORT – 2016

PART I

INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I
Capital structure

1. The capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (article 245-A, number 1, subparagraph a)).

The share capital, fully subscribed and paid up, is 84,000,000.00 euros, represented by 168,000,000 book-entry shares, of a nominal value of 0.50 euros each. These shares correspond to an equal number of voting rights, under no. 1 of article 8 of the memorandum of association, which establishes that each share corresponds to one vote. There are no different classes of shares and the existing shares have all been admitted to trading.

2. Share transfer restrictions, such as clauses of consent to divestment, or limitations to shareholding (article 245-A, number 1, subparagraph b)).

There are no restrictions to the transfer of shares.

3. Number of own shares, the percentage of share capital that it represents and the corresponding percentage of voting rights that corresponded to own shares (article 245-A, number 1, subparagraph a)).

The company does not hold any own shares.

4. Significant agreements involving the company and which take effect, are altered or cease in the case of change of control of the company following a takeover bid, as well as the respective effects, unless, due to their nature, their disclosure is severely detrimental to the company, unless the company is specifically obliged to disclose this information, due to other legal impositions (article 245-A, number 1, subparagraph j)).

Under the terms of the (i) Loan agreement concluded by Impresa Serviços e Multimédia (in the meantime incorporated by merger into Impresa), in March 2005, with Banco BPI, SA, of the amount of 152.5 M€ for the acquisition of 49% of the share capital of SIC, (ii) the Loan agreement concluded by SIC, in June 2013, with Banco BPI, SA, of the amount of M€ 17, to support cash flow, (iii) the Commercial Paper Program concluded by the Group with Caixa Geral de Depósitos, SA., in December 2014, of the amount 15 M€, to support cash flow, (iv) the Agreement for Organisation and Structuring of a Debenture Loan, of the amount of 30 M€, concluded with Novo Banco and BESI, in October 2014, (v) the Loan agreement concluded with Banco BIC Portugal, SA, of the amount of 11 M€, to support cash flow, and (vi) the Pledged Current Account Agreement concluded with Banco BPI, SA, of the amount of up to 10.45 M€, on January 12th, 2016, to support cash flow, the banks may terminate the agreements or declare the early and immediate maturity of the obligation to repay the borrowed funds, if IMPREGER's holding in IMPRESA falls below 50.01% of the share capital and/or of the voting rights of this company.

Apart from these contracts, there are no other agreements to which the company is a party and come into effect, alter or terminate upon change of company control and the effects thereof.

5. A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

There are no countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. Shareholders' agreements known to the company and which may lead to restrictions on matters of transfer of securities or voting rights (article 245-A, number 1, subparagraph g)).

There are no agreements outside the scope of the memorandum of association known to company and which may lead to restrictions on the transmission of securities or voting rights.

II
Shareholdings and Bonds Held

7. Identification of natural or legal persons that, directly or indirectly, are qualifying shareholders (article 245-A, number 1, subparagraphs c) and d) and article 16), indicating the percentage share capital and votes imputable and the source and causes of imputation.

Qualifying Shareholder	Numberof Shares Held	Percentage Voting Rights
IMPREGER - Sociedade Gestora de Participações Sociais, S.A.		
* Directly	84.514.588	50,306%
* Through the Chairman of the Board of Directors,		
Dr. Francisco José Pereira Pinto de Balsemão	2.520.000	1,500%
* Through the Deputy Chairman of the Board of Directors,		
Engº Francisco Maria Supico Pinto Balsemão	8.246	0,005%
* Through the Chairman of the Board of Directors,		
Dr. António Flores de Andrade	160	0,000%
Total imputable	**87.042.994**	**51,811%**
(a) – A IMPREGER, Sociedade Gestora de Participações Sociais, SA is majority held by the company BALSEGER, Sociedade Gestora de Participações Sociais, S.A., wich is 99,99% held by Dr. Francisco José Pereira Pinto de Balsemão, hence the correspondingvoting rights are also imputable to him.		
INVESCO - Ltd		
* Through da Invesco Holding	11.386.981	6,778%
Total imputable	**11.386.981**	6,778%
Madre - Sociedade Gestora de Participações Sociais, S.A.		
* Directly	8.048.689	4,791%
Total imputable	**8.048.689**	**4,791%**
(a) – A Madre – Sociedade Gestora de Participações Sociais, SA, is controlled by Madre – Empreendimentos Turísticos, SA, which, in turn, is controlled by Sr. António da Silva Parente, hence the corresponding voting rights are also imputable to him.		
BANCO BPI, S.A.		
* Directly	6.200.000	3,690%
Total imputable	**6.200.000**	**3,690%**
Santander Asset Management, S.A.		
* Through the Fundo Santander Acções Portugal	7.726.841	4,599%
* Through the Fundo Santander PPA	164.400	0,098%
Total Imputable	**7.891.241**	**4,697%**
Newshold - S.G.P.S.		
* Directly (a)	4.038.764	2,404%
Total Imputable	**4.038.764**	**2,404%**
(a) – A Newshold – S.G.P.S., SA is 91,25% held by Pineview Overseas, SA, hence the corresponding voting rights are also imputable to it.		

8. **Indication of the number of shares and bonds held by members of the management and supervisory bodies.**

<u>Indication of shares</u>:

Members of the Management and Supervisory Body	Shares			
	Held on 31.12.15	Acquired	Transferred	Held on 31.12.16
Francisco José Pereira Pinto de Balsemão	2,520,000	0	0	2,520,000
Francisco Maria Supico Pinto Balsemão	8,246	0	0	8,246
Francisco Pedro Presas Pinto de Balsemão	100	0	0	100
Alexandre de Azeredo Vaz Pinto	140	0	0	140
António Soares Pinto Barbosa	0	0	0	0
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	0	0	0	0
José Manuel Archer Galvão Teles	0	0	0	0
João Nuno Lopes de Castro	0	0	0	0

Francisco José Pereira Pinto de Balsemão (Chairman of the Board of Directors) – Held, on 31.12.2015, 2,520,000 IMPRESA shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016. In IMPREGER – Sociedade Gestora de Participações Sociais, SA, which is in a relationship of control with IMPRESA, held, through BALSEGER, SGPS, SA, in which he holds a 99.99999% stake, on 31.12.2015, 12,095,376 shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016. His wife, Maria Mercedes Aliú Presas Pinto de Balsemão, held, on 31.12.2015, 868 IMPRESA shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016. IMPREGER – Sociedade Gestora de Participações Sociais, SA, of whom he is Chairman of the Board of Directors, held, on 31.12.2015, 84,514,588 shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016. The company Francisco Pinto Balsemão, Lda., in which he is Manager, held, on 31.12.2015, 140 shares, position which, since there was no acquisition/divestment in 2016, was maintained on 31.12.2016.

Francisco Maria Supico Pinto Balsemão (Deputy Chairman of the Board of Directors) – Held 8,246 IMPRESA shares as at 31.12.15, a position which, since there was no acquisition/disposal of shares in 2016, remained the same as at 31.12.16. Concerning IMPREGER – Sociedade Gestora de Participações Sociais, SA, of which he is a Director, he held 84,514,588 shares as at 31.12.15, a position which, since there was no acquisition/disposal of shares in 2016, remained the same as at 31.12.16.

Francisco Pedro Presas Pinto de Balsemão (Chief Executive Officer) – Made no acquisition/divestment in 2016.

Alexandre de Azeredo Vaz Pinto (Member of the Board of Directors and Chairman of the Audit Committee) – Held 140 IMPRESA shares as at 31.12.15, a position which, since there was no acquisition/disposal of shares in 2016, remained the same as at 31.12.16.

António Soares Pinto Barbosa (Member of the Board of Directors and of the Audit Committee) – Made no acquisition/divestment in 2016.

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Member of the Board of Directors and Audit Committee) – Made no acquisition/divestment in 2016.

José Manuel Archer Galvão Teles (Member of the Board of Directors) – Made no acquisition/divestment in 2016.

João Nuno Lopes de Castro (Member of the Board of Directors) – Made no acquisition/divestment in 2016.

Statutory Auditor	Shares			
	Held on 31.12.15	Acquired	Transferred	Held on 31.12.16
Deloitte & Associados, SROC, SA	0	0	0	0
Luís Augusto Gonçalves Magalhães (Alternate)	0	0	0	0

<u>Indication of bonds</u>:

Members of the Management and Supervisory Body	Bonds			
	Held on 31.12.15	Acquired	Transferred	Held on 31.12.16
Francisco José Pereira Pinto de Balsemão	0	0	0	0
Francisco Maria Supico Pinto Balsemão	0	0	0	0
Francisco Pedro Presas Pinto de Balsemão	0	0	0	0
Alexandre de Azeredo Vaz Pinto	0	0	0	0
António Soares Pinto Barbosa	0	0	0	0
Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	0	0	0	0
José Manuel Archer Galvão Teles	0	0	0	0
João Nuno Lopes de Castro	0	0	0	0

Francisco José Pereira Pinto de Balsemão (Chairman of the Board of Directors) – Made no acquisition/divestment in 2016.

Francisco Maria Supico Pinto Balsemão (Deputy Chairman of the Board of Directors) – Made no acquisition/divestment in 2016.

Francisco Pedro Presas Pinto de Balsemão (Chief Executive Officer) – Made no acquisition/divestment in 2016.

Alexandre de Azeredo Vaz Pinto (Member of the Board of Directors and Chairman of the Audit Committee) – Made no acquisition/divestment in 2016.

António Soares Pinto Barbosa (Member of the Board of Directors and of the Audit Committee) – Made no acquisition/divestment in 2016.

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia (Member of the Board of Directors and Audit Committee) – Made no acquisition/divestment in 2016.

José Manuel Archer Galvão Teles (Member of the Board of Directors) – Made no acquisition/divestment in 2016.

João Nuno Lopes de Castro (Member of the Board of Directors) – Made no acquisition/divestment in 2016.

Statutory Auditor	Bonds			
	Held on 31.12.15	Acquired	Transferred	Held on 31.12.16
Deloitte & Associados, SROC, SA	0	0	0	0
Luís Augusto Gonçalves Magalhães (Alternate)	0	0	0	0

9. Special powers of the administration body, in particular as regards resolutions on capital increase (article 245-A, number 1, subparagraph i), with an indication as to the allocation date, time period within which these powers may be exercised, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the assigned powers.

Regarding deliberations on share capital increases, the memorandum of association does not define any empowerment of the Board of Directors, with this being an exclusive matter of the General Meeting, although the Board may, however, make proposals along these lines to the General Meeting.

10. Information on any significant business relationships between qualifying shareholders and the company.

There are the following business relationships with holders of qualifying holdings:

- With IMPREGER – lease agreement for premises of which IMPRESA is the tenant.
- With BPI – financing agreements (see point 4).
- With SP Televisão (Madre Group) – television production agreements (see point 90).

B. CORPORATE BODIES AND COMMITTEES

I
GENERAL MEETING

a) Composition of the Board of the General Meeting

11. Identification and position held by the members of the Board of the General Meeting and respective term of office (beginning and end).

The composition of the General Meeting for the current term of office (four-year period 2015-2018) is as follows:

Chairman: Dr. Manuel Magalhães e Silva
Secretary: Dr. Pedro Leite Alves

b) Exercising the right to vote

12. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (article 245-A, number 1, subparagraph f)).

There are no restrictions on the right to vote.

13. Indication of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in number 1 of article 20.

There are no statutory rules with the characteristics referred to above.

14. Identification of shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority, in addition to those legally provided, and details of this majority.

There are no statutory rules on constitutive and deliberative quorum numbers, and the General Meetings comply with the rules established in the law.

II
MANAGEMENT AND SUPERVISION

a) Composition

15. Identification of the adopted corporate governance model.

The corporate governance model adopted is the one referred to in subparagraph b) of no. 1 of article 278 of the Commercial Company Code, i.e. with a Board of Directors, comprising an Audit Committee and a Statutory Auditor.

16. Statutory rules on procedural requirements governing the appointment and replacement of members, where applicable, of the Board of Directors, the Executive Board and the General and Supervisory Board (article (article 245-A, no. 1, subparagraph h)).

The General Meeting is responsible for appointing the members of the administration and supervisory bodies at the beginning of each term of office.

At the meeting of the Board of Directors held on July 23th 2012, the position of Chief Executive Officer (CEO) was created with responsibility in all areas, which is maintained in the current term of office (2015/2018) by deliberation of the Board of Directors elected in 2015, at its meeting of May 4th 2015.

Directors are replaced in accordance with the provisions laid down in the Commercial Company Code, i.e. through co-optation within sixty days, or if this does not occur, by appointment of the Audit Committee, with the selection being ratified at the following General Meeting, which is valid until the end of the period for which the director had been elected.

When applicable, the Statutory Auditor will be replaced by his/her substitute.

17. Composition, as applicable, of the Board of Directors, the Executive Board and the General and Supervisory Board, indicating the statutory minimum and maximum number of members, statutory duration of term of office, number of permanent members, date of first appointment and end of the term of office for each member.

The composition of the Board of Directors for the current term of office (four-year period 2015-2018) is as follows:

Chairman:	Dr. Francisco José Pereira Pinto de Balsemão
Deputy Chairman:	Eng. Francisco Maria Supico Pinto Balsemão
Members:	Dr. Francisco Pedro Presas Pinto de Balsemão (Chief Executive Officer) (a)
	Dr. Alexandre de Azeredo Vaz Pinto
	Prof. Dr. António Soares Pinto Barbosa
	Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia
	Dr. José Manuel Archer Galvão Teles
	Eng. João Nuno Lopes de Castro

(a) Co-optation with effect from March 6th 2016 (upon resignation of Dr. Pedro Lopo de Carvalho Norton de Matos), ratified at the General Meeting of April 19th 2016.

The term of office of the Board of Directors, composed of three to eleven members, is four years, with their re-election permitted for successive four-year periods, without detriment to the limitations imposed by law to companies issuing tradable securities in regulated markets. According to the composition mentioned above, the Board of Directors has 8 permanent members.

Members of the Board of Directors	Date of 1st appointment	Term of office
Dr. Francisco José Pereira Pinto de Balsemão	18-01-90	31-12-18
Eng. Francisco Maria Supico Pinto Balsemão	05-02-01	31-12-18
Dr. Francisco Pedro Presas Pinto de Balsemão	06-03-16	31-12-18
Dr. Alexandre de Azeredo Vaz Pinto	15-05-00	31-12-18
Dr. António Soares Pinto Barbosa	12-04-07	31-12-18
Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	28-01-08	31-12-18
Dr. José Manuel Archer Galvão Teles	07-10-09	31-12-18
Eng. João Nuno Lopes de Castro	29-04-15	31-12-18

18. Distinction to be drawn between executive and non-executive members of the Board of Directors and, as regards non-executive members, indication of members who may be considered independent, or, where applicable, identification of independent members of the General and Supervisory Board.

Pursuant to the previous point, only one director, Dr. Francisco Pedro Presas Pinto de Balsemão (Chief Executive Officer), has executive duties.

Among the seven non-executive members, the following three members are independent: Prof. Dr. António Soares Pinto Barbosa, Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia and Eng. João Nuno Lopes de Castro.

19. Professional qualifications and other relevant curricular information of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

Dr. Francisco José Pereira Pinto de Balsemão

Member of the Council of State (since July 2005). Chairman of the Selection Panel of the Pessoa Award (1987), Chairman of the General Board of the Sá Carneiro Institute (1998), member of the Consejo de Protectores of Fondación Carolina (2001), member of the Board of Curators of the Luso-Brazilian Foundation (April 2004), Chairman of the Council of the Faculty of Social and Human Sciences of Universidade Nova de Lisboa (May 2009), member of the Advisory Board of the magazine Quaderns del Cac edited by the Audiovisual Council of Catalunha (August 2009), member of the Advisory Board of ISEG - Instituto Superior de Economia e Gestão (since April 2010), Chairman of the General Board of AEM – Association of Publicly Quoted Companies (since February 2014), Chairman of the Board of the General Meeting of COTEC Portugal – Business Association for Innovation (since May 2016). Doctor Honoris Causa from Universidade Nova de Lisboa (April 2010) and Universidade da Beira Interior (October 2010).

Member of the Steering Committee of the Bilderberg Meetings (1983-2015), associate professor at the Faculty of Social and Human Sciences of Universidade Nova de Lisboa (1987-2002), Chairman of the Board of Directors of the "European Institute for the Media" (1990-1999), Chairman of the "European Television and Film Forum" (1997-2003), Deputy Chairman of the "Journalistes en Europe" Foundation (1995-2003), Chairman of the "European Publishers Council" (1999-2014), member of the Executive Committee of the "Global Business Dialogue" (1999-2002), member of the General Board of COTEC Portugal - Business Association for Innovation (2003-2006), member of the International Advisory Board of the Santander Group (2004-2014), member of the Advisory Board of Universidade de Lisboa (from January 2007 to May 2009), Member of the Committee for the Review of the Strategic Concept of National Defence (June 2012), and member of the selection panel of the Prince of Asturias International Cooperation Award (1985-1986 and 1996-2015).

Law degree from the Lisbon Law School (FDL), where he attended the supplementary Political and Economic Sciences. Journalist, management secretary (1963-1965) and director (1965-1971) of the Diário Popular newspaper. Founder and director of the EXPRESSO newspaper (1973-1980), founder of the Social Democrat Party (1974), Member of Parliament and deputy chairman of the Constitutional Parliament (1975), Member of Parliament in 1979, 1980 and 1985, Deputy Minister of State for the 6th Constitutional Government (1980) and Prime Minister for the 7th and 8th Constitutional Governments (1981-1983).

Eng. Francisco Maria Supico Pinto Balsemão

Degree in Electrotechnical and Computer Engineering, Telecommunications and Electronics Branch, from the Higher Technical Institute (IST), Universidade Técnica de Lisboa.

Post-Graduation Course in Telecommunications Business Management (1998/99) from ISTP - Higher Institute of Transport, organised by the ISTP, APDC - Portuguese Association for the Development of Communications and the Enterprise Institute of Madrid (IE).

Participation and completion of the EJE Programme – Young Enterpreneurial Engineer (1993/1994), promoted by the State Secretariat for Youth, Junitec (Junior Enterprises of IST (Higher Technical Institute)) and ITEC (Technological Institute for Community Europe).

At TMN - Telecomunicações Móveis Nacionais, SA, Director of International Business and Roaming (from October 1997 to March 2000), Product Manager at the Products and Services Department for the Corporate Market of the Products and Services Development and Management Division (from April 1997 to October 1997) and Project Manager at the Products and Services Innovation and Development Department of the Direction of Communication and Marketing Division (from December 1995 to April 1997).

Member of the Board of Directors of AAAIST - Alumni Association of IST (Higher Technical Institute) for 2000-2002, and chairman of its Communication and Image Committee from 1995 to 2000. Member of the National Division (Southern Region/Islands) of APIGRAF - Portuguese Association of Graphic, Visual Communications and Paper Industries for 2005-2007.

Member of the assessment board of the Professional Aptitude Exams of the Telecommunications Technician courses ministered by INETE – Instituto de Educação Técnica and EPET – Escola Profissional de Electrónica e Telecomunicações (representing APDC), and senior advisor for Portugal of the Investment Banking Division of the North American multinational bank, Lehman Brothers, from July 2006 until the bankruptcy of this institution (on 15 September 2008), and member of the Iberian Advisory Board of American technology multinational Oracle up to June 2014 (having, since 2006, been a member of the Iberian Advisory Board of SUN Microsystems, a company subsequently acquired by Oracle); and, from 2006 to 2014, was a member of the Iberian Advisory Board of Thomson-Reuters Aranzadi, a Spanish publisher of specialised contents for the legal market, belonging to the

Canadian multinational Thomson-Reuters (world leader in the provision of specialised contents for professionals: legal, tax, financial and scientific).

Chairman of the National Board of ANJE (National Association of Young Entrepreneurs) from May 2009 to October 2013, having been its deputy chairman from 2003 to 2006 and its assistant chairman from 2006 to 2009. During the period in which he was chairman of ANJE, he was also: chairman of the Executive Committee of Portugal Fashion; member of the Economic and Social Council of Portugal; member of the Supervisory Board of RTP2; member of the Advisory Board of AIESEC Portugal (international association of economics and management students); member of the Executive Committee of the Civic Movement "New Portugal – Options of a Generation"; and deputy chairman of the General Board of CIP – Confederation of Portuguese Industry from 2011 to 2013, having been a member of the Board of Directors of CIP – Confederation of Portuguese Industry in 2010.

Member of the Board of Directors of APDC – Portuguese Association for the Development of Communications (member of its Board of Directors from 2001 to 2011, director of its magazine "Comunicações" from 2011 to 2012, and commissioner for the media from 2012 to 2016); member of the Board of Directors of ACEPI – Association of Electronic Commerce and Interactive Advertising from November 2005 (Director of its B2C Specialised Group from 2001 to 2005); member of the General Board of AIP/CE – Portuguese Industrial Association/Business Confederation since 2011 (deputy chairman of the Board of Directors from 2007 to 2011); alternate member of the Board of Directors of API – Portuguese Press Association since 2007; chairman of the general meeting of ANETIE – National Association of Information Technology and Electronics Companies since 2015 (having been a member of the Board of Directors from 2010 to 2012, and its deputy chairman of the general meeting from 2012 to 2014); chairman of the supervisory board of EF / Association of Familiy Companies; member of the General Board of APDSI – Association for the Promotion and Development of the Information Society, member of the General Board of AEP – Business Association of Portugal since 2014; and liaison person between IMPRESA, SGPS and COTEC Portugal - Business Association for Innovation.

Observer member of the Advisory Board of ICP/ANACOM – National Communications Authority (representing SIC); and member of the Advisory Board of the Faculty of Economics and Management of Universidade Católica do Porto (Católica Porto Business School).

Chairman of the Board of Directors of the Youth Foundation since January 2014 (three-year period 2014-2016, re-elected for the three-year period 2017-2019), having been its deputy chairman in 2013.

Dr. Francisco Pedro Presas Pinto de Balsemão

Law Degree from the Law School of Universidade Nova de Lisboa (1998-2003), Erasmus programme at Universitat Pompeu Fabra, Barcelona (2002), Masters – LLM, Master's in Law (2006-2007) from the University of Oxford, England, General Management Course at Nova School of Business and Economics of Universidade Nova de Lisboa (2008), Advanced Management Program from Universidade Católica Portuguesa, Lisbon, and Kellogg School of Management, Chicago (USA) (2011).

Junior Associate (2003-2005) and Associate (2005-2006) at Linklaters (Lisbon), Assistant Adviser at the Mission of Portugal to the United Nations, New York (USA) (2007), Senior Associate at Heidrick & Struggles (2008-2009).

Member of the BeNova Board, between 2011 and 2013, who advised the Director of the Faculty of Economics and Management of Universidade Nova de Lisboa on making strategic decisions about the future of the institution.

Between 2010 and 2016, guest speaker, invited regularly to conferences on advanced and executive training programmes, on topics related to the Human Resources area.

Elected to the General Counsel (GC) Powerlist of the Iberian Peninsula, prize awarded by the company Legal 500 (2016).
IMPRESA: Director of Human Resources (September 2009 to September 2011), Director of Human Resources and Legal Affairs (October 2011 to September), COO Human Resources, Legal and Sustainability (October 2012 to March 2016), Company Secretary (September 2011 to January 2016) and is Deputy Chairman of the Board of Directors of SIC Esperança since 2013.

Dr. Alexandre de Azeredo Vaz Pinto

Economics degree from Instituto Superior de Ciências Económicas, in 1961.

Deputy chairman of Caixa Geral de Depósitos (1996), non-executive director of Brisa (1998), chairman of the Board of Directors of SIBS, SA (1996), chairman of the Board of Directors of Caixa Investimentos (1996), non-executive director of UNICRE (1996), chairman of Banco Espírito Santo e Comercial de Lisboa, by appointment of the Council of Ministers (1986), deputy chairman of the aforementioned Bank (1992), deputy governor of the Bank of Portugal, by appointment by the Council of Ministers (1982), chairman of the Board of Directors of the Foreign Investment Institute, by appointment of the Council of Ministers (1977), Minister of Commerce and Tourism (from January to September 1981), chairman of the Board of Directors of the Foreign Investment Institute, resuming his former position, chairman of the Portuguese Financial Society, by appointment of the Council of Ministers (from 1974 to 1979), Secretary of State for Commerce, by appointment from 11 August 1972, having, under this position, been chairman of the Portuguese Delegation of the EFTA Council of Ministers, in the sessions held in November 1972 and May 1973, in Vienna and Geneva, respectively, and chaired the proceedings of the latter; also participated in several GATT and OECD ministerial meetings. Sub-secretary of State for Commerce, by appointment from 15 January 1970 to 11 August 1972. Director of Banco Nacional Ultramarino, by appointment from September 1968. Worked in the Prime Minister’s Technical Secretariat, having collaborated in the preparation of the Third Development Plan. Collaboration, as a Technician of the Industrial Economics Department of the National Industrial Research Institute, in the preparation of the first Portuguese inter-industrial relations matrix. Subsequently involved in the study and preparation of Development Plans, having worked at the Ministry of Economy, in collaboration with a group of economists, in the programming of the industrial sector for the Interim Development Plan, having then been part of the Secretariat, at the Prime Minister’s Office.
Head of the Research and Coordination Department of the Portuguese oil company, BP.
Throughout his professional career, he has worked as a consultant for several organisations, namely CIP, where he collaborated in the preparation of an Investment Guide; as a consultant for the Transport and Tourism Corporation, he participated in the preparation of the Tourism Sector programme for the Third Development Plan.

Prof. Dr. António Soares Pinto Barbosa

Finance degree from the Higher Institute of Economics and Finance (ISCEF), Universidade Técnica, in 1966.
Doctorate in Economics, Virginia Polytechnic Institute & SU.
Economics Professor at Universidade Nova de Lisboa.

Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

PhD in Management, specialising in Accountancy, from ISCTE, in October 2009.
Master's in Economics, from the School of Economics of Universidade do Porto, in March 2001.
Degree in Business and Management Administration, from the School of Economics and Business Management of Universidade Católica Portuguesa, in September 1991.

Statutory Auditor No. 1133.
Visiting Assistant Professor at the School of Economics and Management of Universidade Católica Portuguesa (Católica Porto Business School).
Assistant Director of the Presidency of the Porto Regional Centre of Universidade Católica Portuguesa.
Director of the Department of Management of the School of Economics and Management at Universidade Católica Portuguesa.
Director of the Masters in Audit and Tax of the School of Economics and Management at Universidade Católica Portuguesa.
Partner of the company Novais, Anacoreta e Associado, SROC, Lda.
Member of the Admissions Examination Board of OROC.
OROC representative at the Accounting Working Party of the Fédération des Experts-comptables Européens.
Member of the list of tax arbitrators of the Administrative Arbitration Centre.
Member of the Scientific Board of the Portuguese Tax Association.
Author of the books "Anexo em SNC - Guia prático", co-authored with Sónia Costa Matos and Rui Neves Martins, published by Vida Económica, 2011 and "Instrumentos Financerios Derivados: Enquadramento Contabilístico e Fiscal", published by Universidade Católica Editora, 2000.

Dr. José Manuel Archer Galvão Teles

Senior partner of Morais Leitão, Galvão Teles, Soares da Silva & Associados – Sociedade de Advogados, practising law full-time since 1961 (except in 1975 and 1976 when he was Portuguese Ambassador at the UN).
Founder and director, for many years, of prestigious Associations and Foundations of socio-cultural nature, such as the Serralves Foundation, Mário Soares Foundation, Casas de Fronteira e Alorna Foundation and Júlio Pomar Foundation.
Chairman of the Board of the General Meeting of Banco Santander Totta, SA and Auchan Portugal Investimentos, SGPS.
National Chairman of the Catholic Youth during the 1960's; founder and director of "Cooperativa Pragma" and "Cadernos Gedoc"; Chairman of the National Culture Centre; candidate to member of parliament for the Opposition (CDE) in the elections of 1969, and defence lawyer in important political lawsuits judged in the Plenary Court.
Until the independence of the Portuguese colonies, was an activist against the colonial war.
Chairman of the Board of Directors of the Portugal-Spain Friendship Association from 1976 to 1982, and Chairman of the Association for the Advancement of Law during the 1990's.
After the Revolution of 25th April, participated actively in the country's political life, without ever abandoning the permanent practice of law. Founder and director of the Socialist Intervention Association. Later, from 1978 until the mid-1990's, national director of the Socialist Party, successively elected to its National Commission and Political Commission.
In 1974 and 1975, in the context of the decolonisation process, was head of delegation of the Portuguese Government in various missions of political, economic and financial nature, namely in Angola and Mozambique.
Ambassador of Portugal at the UN, in New York in 1975/76, also representing the country at the Security Council in the negotiations relative to the decolonisation process, especially concerning the independence of Angola and East Timor.
Member of the Council of State by appointment of the President of the Republic, Jorge Sampaio, from 1996 to 2006.
Distinguished by the President of the Republic with the Grand-Cross of the Military Order of Christ in 2005.
Received the medal of Honour of the Lawyers Association in 2010.
Non-executive director of Banco Santander Totta, SA, of Supa – Companhia Portuguesa de Supermercados, SGPS (Pão de Açúcar) and of Entreposto, SGPS.

Chairman of the Board of the General Meeting of Cimpor, SGPS; of Banco Santander Negócios Portugal, SA, of the SONAGI, SGPS (Queiroz Pereira Group).
Chairman of the Remuneration Committee of Banco Espírito Santo Investimentos, SA.
Chairman of the Remuneration Committee of EDP – Energias de Portugal, SA.
Chairman of the Remuneration and Welfare Board of Banco Comercial Português, SA
Chairman of the Supervisory Board of Banco Central de Investimento and member of the Supervisory Board of Empresa de Cimentos de Leiria, SA (Champalimaud Group).
Held the following positions at EDP – Energias de Portugal, SA: Chairman of the Board of the General Meeting for 3 terms of office, from 2000 to 2007; Member of the General and Supervisory Board in 2006 and 2007.

Eng. João Nuno Lopes de Castro

Post-doctorate at Stanford University in 2010.
Doctorate in Engineering Systems from Massachusetts Institute of Technology in 2010.
Master's (ABD) in Engineering Design from the Instituto Superior Técnico in 2004.
Licentiate degree in Electrotechnical Engineering and Computer from the Faculty of Engineering of Universidade do Porto in 2000.
Chairman of the Portuguese-American Post-Graduate Society for the term of office 2007-08 and chairman of the general meeting in the following term of office.
Considerable professional and consulting experience in the development of new technological, innovative or strategic solutions at Canal de Notícias de Lisboa, Sonae.com, Cisco Systems, Metro do Porto, UMIC and Sumol+Compal.
Guest speaker invited regularly in advanced and executive training programmes on topics related to Entrepreneurship, Innovation and Product Development at Sumol+Compal, where he currently holds the position of Innovation Director.

20. Customary and significant family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights.

The known family relationships between the indicated members of the boards and qualifying shareholders in the company are:

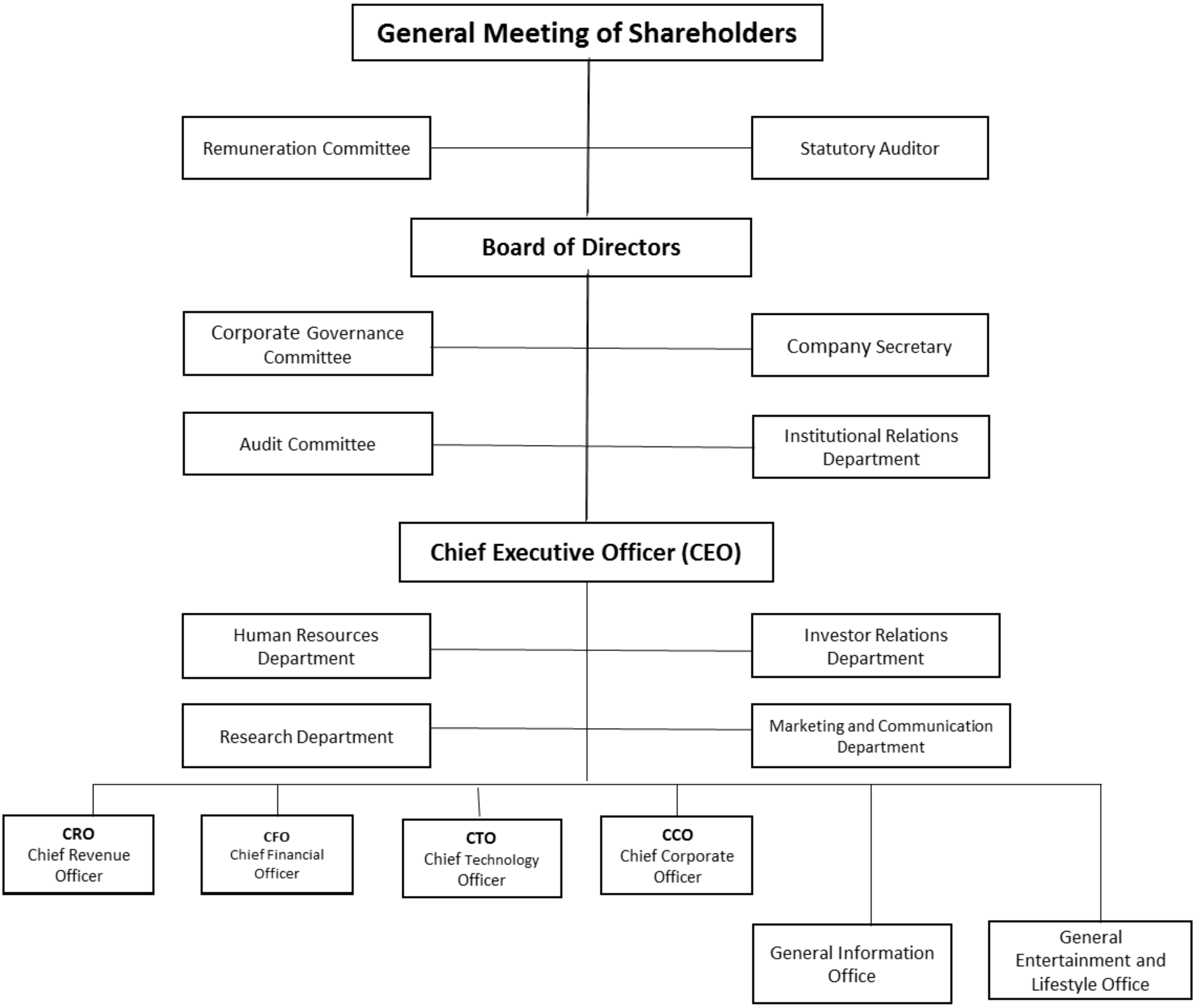
Chairman of the Board of Directors – Dr. Francisco José Pereira Pinto de Balsemão, is father of the Deputy Chairman of the Board of Directors, Eng. Francisco Maria Supico Pinto Balsemão and of the Chief Executive Officer (CEO), Dr. Francisco Pedro Presas Pinto de Balsemão.

The known professional or business relationships between the indicated members of the boards and qualifying shareholders in the company are:

Chairman of the Board of Directors – Dr. Francisco José Pereira Pinto de Balsemão, and the Deputy Chairman of the Board of Directors, Eng. Francisco Maria Supico Pinto Balsemão, are, respectively, Chairman and Member of the Board of Directors of IMPREGER – Sociedade Gestora de Participações Sociais, SA, majority shareholder of IMPRESA.

Chairman of the Board of Directors – Dr. Francisco José Pereira Pinto de Balsemão, is Chairman of the Executive Board of Directors of BALSEGER, SGPS, SA, which is the majority shareholder of IMPREGER – Sociedade Gestora de Participações Sociais, SA

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management.



DISTRIBUTION OF DUTIES

Responsibilities of the Chairman of the Board of Directors:

a) Coordinate the relations of the Board of Directors with the Chief Executive Officer;
b) Preside over meetings of the Board of Directors (monthly), meetings with the CEO (weekly), the annual meeting of senior staff members and any ad hoc meetings in which he is present;
c) Preside over the Strategy Committee, approve the proposal for the Strategic Plan of the Group and submit it to the Board of Directors, as well as proposals for amendment of the Plan to be submitted to the Board of Directors, and coordinate their implementation, assessment and review;
d) Preside over the Supra Editorial Committee, approve proposals concerning the editorial strategy of the various brands of the Group and submit them to the Board of Directors;
e) Represent the Group institutionally, coordinate the institutional relations of the Group (namely with the EU, Government, Parliament, Regulators, Associations of the Sector, etc.) and with the shareholders;
f) Coordinate the Institutional Relations Department, whose Director reports directly to the Chairman of the Board of Directors.

Responsibility of the Deputy Chairman of the Board of Directors:

a) Preside over the meetings of the Board of Directors whenever the Chairman is absent or unable to be present;
b) Exercise of other powers or duties attributed.

Responsibilities of the Chief Executive Officer (CEO):

a) Coordinate the Group's operating management;
b) Coordinate the Human Resources, External Communication and Investor Relations areas, whose directors report directly to the CEO;
c) Appoint and dismiss the COO’s (CFO, CRO, CTO and CCO), who report directly to the CEO;
d) Individually supervise the COO’s in the main policies and decisions of their respective areas;
e) Preside over the Group's Operating Coordination Meetings;
f) Preside over the meetings with each COO and front-line management staff, as well as other ad hoc meetings not attended by the Chairman of the Board of Directors;
g) Preside over the Group's presentation of accounts.

Responsibility of the Audit Committee:

Risk Management.

MATTERS WHICH CANNOT BE DELEGATED

The following matters cannot be delegated by the Board of Directors:

a) Co-optation of directors;
b) Request to call general meetings;
c) Approval of annual reports and accounts;
d) Provision of sureties and personal or real guarantees by the company;
e) Change of head office under the terms established in the memorandum of association;
f) Company merger, demerger and transformation projects;
g) Definition of the Group's strategic options;

h) Definition of the Group's corporate structure;
i) Approval of the annual budget.

All the members of the Board of Directors are called appropriately and in due time to the meetings of the body and subsequently receive the respective minutes.

All other members of the governing bodies may request the CEO for all and any information relative to the activities of IMPRESA and its participated companies. Usually, these requests for information are made in writing (namely by electronic mail), but they may also be made by telephone or in the presence of the persons concerned (normally during meetings of the Board of Directors). After these requests have been made, and if the CEO does not have all the data to be enable an immediate and full response (in writing or verbally), these requests are forwarded internally to the structure of IMPRESA and/or its participated companies. In this last case, and on average, the response to the request will take approximately 5 business days to be given to the member of the governing body who requested it. If this member is not satisfied with this answer, the process is re-started, involving the necessary number of iterations until the request has been met in an entirely satisfactory manner.

b) Functioning

22. Existence and place where rules on the functioning of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, may be viewed.

There are operating regulations for the Board of Directors, Corporate Governance Committee and Audit Committee, which may be consulted on the company website - www.impresa.pt.

23. The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

The Board of Directors met 16 times throughout the year, with members having registered the following attendance:

Dr. Francisco José Pereira Pinto de Balsemão (Chairman)	100.00%
Eng. Francisco Maria Supico Pinto Balsemão (Deputy Chairman)	93.75%
Dr. Francisco Pedro Presas Pinto de Balsemão	100.00%
Dr. Alexandre de Azeredo Vaz Pinto	93.75%
Dr. António Soares Pinto Barbosa	93.75%
Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	93.75%
Dr. José Manuel Archer Galvão Teles	81.25%
Eng. João Nuno Lopes de Castro	100.00%

24. Indication of the corporate bodies competent to undertake the assessment of the performance of executive directors.

There is a Corporate Government Committee whose mission, among others, is the assessment of the performance of the Chief Executive Officer (CEO).

25. Predefined criteria for assessing the performance of the executive directors.

The Corporate Governance Committee defined the following six criteria for assessing the performance of the executive directors: "Communication, Impact and Influence"; "From Vision to Results"; "Team Management and Development"; "Customer and/or Target Group Driven"; "Team and Group Spirit"; and "Best Practices, Innovation and Change".

26. Availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year.

* *Dr. Francisco José Pereira Pinto de Balsemão*

In addition to the professional curriculum and relevant activities reported in point 19, he performs the following duties in other companies:

a) Group Companies

§ Chairman of the Board of Directors of IMPRESA PUBLISHING, SA
§ Chairman of the Board of Directors of SIC – Sociedade Independente de Comunicação, SA

b) Companies outside the Group

§ Executive Chairman of the Board of Directors of BALSEGER-SGPS, SA
§ Chairman of the Board of Directors of IMPREGER – Sociedade Gestora de Participações Sociais, SA
§ Non-executive Director of the Daily Mail and General Trust plc
§ Manager of Sociedade Francisco Pinto Balsemão, Lda.
§ Manager of Sociedade Turística da Carrapateira, Lda.

* *Eng. Francisco Maria Supico Pinto Balsemão*

In addition to the professional curriculum and relevant activities reported in point 19, he performs the following duties in other companies:

a) Group Companies

§ Deputy Chairman of the Board of Directors of IMPRESA PUBLISHING, SA
§ Deputy Chairman of the Board of Directors of SIC – Sociedade Independente de Comunicação, SA

b) Companies outside the Group

§ Chairman of the Board of Directors of SPECTACOLOR Portugal, SA
§ Deputy Chairman of the Board of Directors of COMPTA – Equipamentos e Serviços de Informática, SA
§ Director of IMPREGER – Sociedade Gestora de Participações Sociais, SA
§ Non-executive Director of LIFETIME VALUE, SA.
§ Manager of ENCOREXPERT – Investments, SGPS, Lda.
§ Manager of BORN TO RUN – Consultoria Empresarial, Lda.

* *Dr. Francisco Pedro Presas Pinto de Balsemão*

In addition to the professional curriculum and relevant activities reported in point 19, he performs the following duties in other companies:

a) Group Companies

- § Chairman of the Board of Director of INFOPORTUGAL – Sistemas de Informação e Conteúdos, SA
- § Chairman of the Board of Directors of IMPRESA OFFICE & SERVICE SHARE – Gestão de Imóveis e Serviços, SA.
- § Director of IMPRESA PUBLISHING, SA
- § Director of SIC – Sociedade Independente de Comunicação, SA
- § Chairman of the Management Board of GMTS (Global Media e Technology Solutions) Serviços Técnicos e Produção Multimédia, Sociedade Unipessoal, Lda.

b) Companies outside the Group

Does not hold any position in other companies.

* *Dr. Alexandre de Azeredo Vaz Pinto*

Does not hold any position in other companies.

* Prof. *Dr. António Soares Pinto Barbosa*

In addition to the professional curriculum and relevant activities reported in point 19, he performs the following duties in other companies:

Companies outside the Group

- § Member of the Supervisory Board of the Champalimaud Foundation.
- § Member of the Audit Committee of Cimpor.

* *Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia*

In addition to the professional curriculum and relevant activities reported in point 19, he performs the following duties in other companies:

Companies outside the Group

- § Chairman of the Supervisory Board of Sogrape S.G.P.S., SA
- § Chairman of the Supervisory Board of Associação para a Escola de Gestão Empresarial.
- § Chairman of the Supervisory Board of Ordem dos Revisores Oficiais de Contas (OROC).
- § Statutory Auditor of Sociedade Cell2B Advanced Therapeutics, SA

* *Dr. José Manuel Archer Galvão Teles*

In addition to the professional curriculum and relevant activities reported in point 19, he performs the following duties in other companies:

Companies outside the Group

- § Chairman of the Board of Directors of INTERLAGO, SA
- § Director of GT4 – Assessoria e Gestão, SA
- § Manager of CIPRESTE – Turismo de Habitação, Lda.

* *Eng. João Nuno Lopes de Castro*

Does not hold any position in other companies.

c) Committees within the Administration or Supervisory Body and Board Delegates

27. Identification of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and place where the operating regulations can be viewed.

Two Committees have been created within the Board of Directors: Audit Committee and Corporate Governance Committee.

The operating regulations of these Committees may be consulted on the company website.

28. Composition of the Executive Board and/or identification of the Board Delegate/s, where applicable.

The current Chief Executive Officer (CEO) – Dr. Francisco Pedro Presas Pinto de Balsemão, is Member of the Board of Directors.

29. Description of the powers of each of the established committees and summary of activities undertaken in exercising these powers.

Responsibility of the Audit Committee:

1. Inform the administrative body of the results of the legal certification of accounts and explain the way it contributes to the integrity of the process of preparation and disclosure of financial information, as well as the role it played in this process;
2. Monitor the process of preparation and disclosure of financial information and submit recommendations and proposals to guarantee its integrity;
3. Supervise the effectiveness of the internal quality control and risk management systems;
4. Monitor the legal review of the individual and consolidated annual accounts, namely its execution, taking into account any findings and conclusions of the Securities Market Commission (CMVM);
5. Verify and monitor the independence of the statutory auditor and, in particular, verify the suitability and approve the provision of other services, in addition to the audit services;
6. Select the statutory auditors or statutory audit companies to propose to the general meeting for election and recommend justifiably the preference for one of them; and
7. Fulfil any other functions attributed by law.

In compliance with its duties, the Audit Committee holds regular meetings with the external auditors in order to assess whether conditions have been created for the adequate performance of their work. The content of the external auditors' reports is presented and analysed in detail at these meetings, which are held prior to the Board of Directors meetings, so that the Audit Committee is the first body of the Group to examine the content of the reports. Suggestions made by the external auditors aimed at improving the company's internal control measures and implementing better accounting practices and the results of the legal review of accounts are subsequently reported and discussed with the Board of Directors.

The Audit Committee also meets regularly with the Financial Director and the CFO of the IMPRESA Group with a view to monitor and propose recommendations with regards to the process of preparation and disclosure of financial information.

For the purposes of monitoring the effectiveness of the internal control and risk management systems, the Audit Committee meets with various directors of the IMPRESA Group and assesses the need to subcontract specialised services, taking into account, namely, the non-existence of an internal audit department in the Group.

The assessment and selection of the external auditors, as well as their independence, is also discussed at the meetings of the Audit Committee, with no reason having been found so far, in the opinion of the Committee, for their dismissal and, therefore, replacement.

Responsibility of the Corporate Governance Committee:

a) Assist and support the Board of Directors in the performance of its function of supervising the corporate activity concerning corporate governance matters and rules of conduct, namely: (i) in refining the Company's governance and oversight model, the organisational structure and the governance principles and practices by which it will be governed; and (ii) in preparing and implementing rules of conduct, aimed at observance of the applicable provisions and strict ethical and deontological principles in the performance of the functions attributed to the members of the governing bodies and employees of the Company.

b) Study, propose and recommend to the Board of Directors the adoption of the policies, rules and proceedings deemed necessary for compliance with this Regulation, the applicable legal, regulatory and statutory provisions, as well as the recommendations, standards and best practices regarding the matters referred in the previous paragraph;

c) Perform any other competences or responsibilities that the Board of Directors may delegate to the Corporate Governance Committee.

The Corporate Governance Committee must also collaborate in the preparation of the annual corporate governance report regarding matters within its jurisdiction.

III
SUPERVISION

a) Composition

30. Identification of the Supervisory Body corresponding to the adopted model.

The corporate governance model adopted is the one referred to in subparagraph b), no. 1 of article 278 of the Commercial Company Code, i.e. with a Board of Directors, comprising an Audit Committee (with supervisory functions) and a Statutory Auditor.

31. Composition of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member and reference to the section of the report where this information is already included pursuant to number 17.

The composition of the Audit Committee for the current term of office (four-year period 2015-2018) is as follows:

Chairman: Dr. Alexandre de Azeredo Vaz Pinto
Members: Prof. Dr. António Soares Pinto Barbosa
Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

The term of office of the Audit Committee, composed of a fixed number of three members is four years.

The Audit Committee is composed of members from the Board of Directors, appointed by the General Meeting, with their re-election permitted for successive four-year periods, without detriment to the limitations imposed by law to companies issuing tradable securities in regulated markets.

Members of the Audit Committee	Date of 1st appointment	Term of office
Dr. Alexandre de Azeredo Vaz Pinto (a)	12-04-07	31-12-18
Dr. António Soares Pinto Barbosa	12-04-07	31-12-18
Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	28-01-08	31-12-18

(a) Is a member of the Board of Directors since 15/05/2000

32. Identification, as applicable, of the members of the Supervisory Body, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee who are considered independent pursuant to article 414, number 5 CSC, where reference can be made to the section of the report where this information already appears, pursuant to number 18.

As already mentioned in point 18, the members of the Audit Committee, Prof. Dr. António Soares Pinto Barbosa and Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia, are independent.

33. Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and other important curricular information, and reference to the section of the report where this information already appears pursuant to number 21.

See point 19.

b) Functioning

34. Existence and place where the operating regulations can be viewed, as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, and reference to the section of the report where this information already appears pursuant to number 22.

See point 22.

35. Number of meetings held and the attendance report for each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and reference to the section of the report where this information already appears pursuant to number 23.

The Board of Directors met 10 times throughout the year, with members having registered the following attendance:

Dr. Alexandre de Azeredo Vaz Pinto (Chairman)	100.00%
Dr. António Soares Pinto Barbosa	90.00%
Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	100.00%

36. Availability of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Bodies throughout the financial year, and reference to the section of the report where such information already appears pursuant to number 26.

See point 26.

c) Powers and duties

37. Description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

Whenever applicable, the Audit Committee assesses and issues its approval, duly recorded in minutes, of the contracting of the external auditor for the provision of additional services not included under the Legal Certification of Accounts, provided they are not forbidden by article 5 of the Regulation (EU) 537/2014 of the European Parliament and of the Council. The assessment aims to ensure that the independence of the auditor is not called into question and takes into consideration the reasonableness of the proposed prices and level of knowledge of the activity sector.

38. Other duties of the supervisory bodies and, where appropriate, the Financial Matters Committee.

See point 29 for a description of the powers and duties of the Audit Committee.

IV
STATUTORY AUDITOR

39. Identification of the statutory auditor and the partner representing the statutory auditor.

The statutory auditor is also the external auditor (see Chapter V).

40. Indication of the number of years that the statutory auditor consecutively carries out duties with the company and/or group.

The statutory auditor is also the external auditor (see Chapter V).

41. Description of other services provided by the statutory auditor to the company.

The statutory auditor is also the external auditor (see Chapter V).

V
EXTERNAL AUDITOR

42. Identification of the external auditor appointed in accordance with article 8 and the partner representing it in carrying out these duties, and the respective registration number at the CMVM.

The external auditor, elected for the current term of office (four-year period 2015-2018) is Deloitte & Associados, SROC, SA, registered at the CMVM under number 20161389, which is represented by Dr. Tiago Nuno Proença Esgalhado.

43. Indication of the number of years that the external auditor and respective partner representing it in carrying out these duties consecutively carries out duties with the company and/or group.

The external auditor has carried out duties with the company for 14 years, being represented by the partner Dr. Tiago Nuno Proença Esgalhado since the financial year of 2016.

44. Rotation policy and schedule of the external auditor and the respective partner that represents this auditor in carrying out such duties.

The Audit Committee regularly assesses and discusses the conditions of independence, performance of duties and advantages and costs of the replacement of the external auditor and respective statutory auditor. In this context, the Audit Committee concluded that the external audit and statutory audit activity was appropriate, with the Group having decided to keep the external auditor. The Committee also verifies compliance with the limits to the terms of office according to article 54 of Decree-Law 140/2015 of 7 September.

45. Indication of the body responsible for assessing the external auditor and the regular intervals when this assessment is carried out.

See previous point.

46. Identification of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for this recruitment.

In 2016, the other services other than auditing carried out by the external auditor refer mainly to verification, required by the banking authorities, of the contractual obligations (ratios) in financing agreements (audit reliability services) and studies related to audience measurement (other non-statutory audit services)

As noted in point 37, the contracting of the external auditor to provide additional services, other than auditing services, in addition to the assurance of the auditor's independence, also took into consideration, namely, the reasonableness of the proposed prices and level of knowledge of the activity sector.

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services (for the

purposes of this information, the network concept follows European Commission Recommendation number C (2002) 1873 of 16 May):

By IMPRESA (a)	**In Euros**	**In %**
Statutory audit services	30,000	8.13%
Reliability assurance services	2,700	0.73%
Tax advisory services	0	0.00%
Other non-statutory audit services	0	0.00%
By other entities comprising the Group (a)		
Statutory audit services	283,300	76.78%
Reliability assurance services	0	0.00%
Tax advisory services	1,000	0.27%
Other non-statutory audit services	52,000	14.09%
Overall Total	**369,000**	**100.00%**

(a) *Includes individual and consolidated financial statements*

C. INTERNAL ORGANISATION

I
ARTICLES OF ASSOCIATION

48. Rules applicable to amendment of the company's articles of association (article (article 245-A, no. 1, subparagraph h)).

There are no rules on the alteration of the company's memorandum of association, except those arising from the applicable law.

II
REPORTING OF IRREGULARITIES

49. Means and policy on the reporting of irregularities in the company.

The Audit Committee created and approved an internal system for the communication of irregularities in 2007, aimed at preventing and eliminating irregular practices, thereby avoiding damages caused by their continuation.

This system, whose Regulations are disclosed on the IMPRESA website and IMPRESA Group Intranet network, ensures the confidentiality of the information provided, as well as the anonymity of the persons reporting indication of irregularities.

It also ensures that the rights of IMPRESA Group company employees will not be harmed by the communication of irregular practices.

The system for the communication of irregularities has five procedural phases, namely: receipt and recording, preliminary analysis, judgement of the consistency of the information received, investigation and final report, communicated to the Chairman of the Board of Directors.

III
INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, bodies or committees responsible for the internal audit and/or implementation of the internal control systems.

The following bodies, at IMPRESA, are responsible for the internal audit and/or implementation of the internal control system:

- Risk Management Office;
- Net Assets, Risk and Sustainability Department;
- Financial Department;
- Legal Affairs Department;
- Institutional Relations Department.

51. Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other bodies or committees of the company.

The relations of dependence are defined in the organisational structure in point 21.

52. Existence of other functional areas responsible for risk control.

The other areas responsible for risk control are the Financial Department, the Net Assets, Risk and Sustainability Department, the Legal Affairs Department and the Institutional Relations Department, as referred to in point 54.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

<u>Economic risks (activity and facilities)</u>:

Risks primarily related to situations which affect the current operation of companies, namely fire, loss of production of newspapers and magazines, broadcasting cuts in television activity, and failure of computer systems.

<u>Financial risks (credit, liquidity, exchange rate and interest rate risk)</u>:

Credit risk is essentially related to the accounts receivable arising from advertising sales. In order to reduce credit risk, the company has defined credit granting policies, with credit ceilings per customer and collection deadlines, and financial discount policies for early repayment or cash payment.
Liquidity risk can occur if the financing sources, such as cash flow from operating activities, divestment, credit lines and financing activities, do not meet the financing needs, such as cash outflow for operating and financing activities, investments, shareholder remuneration and repayment of debt.
Exchange rate risk is essentially related to the acquisition of television programmes.
Interest rate risk is essentially related to interest paid in relation to the contracting of financing with variable interest rates, which are consequently exposed to changes in market interest rates.

Legal risks (legislation):

Risks related to compliance with the legislation in force, applicable to the corresponding sector, primarily in terms of the operating subsidiaries (TV Law, Press Law, ERC Law, Advertising Law, etc.).

54. Description of the procedure of identification, assessment, monitoring, control and management of risks.

The management of the IMPRESA Group takes particular care to adopt a risk management policy aimed at minimising any consequences on the business, people or assets of the Group, arising from any intentional or unintentional threats.

The IMPRESA Group has two bodies which enable the pursuit of this objective:

a) The Risk Management Office which follows and monitors different security events that might generate risks for the different companies of the Group. The Risk Management Office is also responsible for formalising the defined strategic objectives on risk-taking, identifying the risks and events that might generate risks inherent to the activities developed, analysing the impact of each identified risk and managing and monitoring the identified risks. The Risk Management Office holds periodic meetings with the Audit Committee, disclosing and proposing any necessary measures for the assessment of the implemented risk management system.

b) The Net Assets, Risk and Sustainability Department supervises insurance contracting at the level of the IMPRESA Group, in order to achieve the most appropriate solutions to cover insurable risks.

c) The Financial Department develops the following aspects on risk control:
   - negotiation, contracting and management of bank financing, in order to meet the financial needs of the IMPRESA Group;
   - negotiation and contracting of appropriate financial instruments, aimed at reducing exposure to interest and exchange rate risks.

d) The Legal Affairs Department and the Institutional Relations Department which, at the level of the operating subsidiaries, follow the applicable legislation to the corresponding sector (TV Law, Press Law, ERC Law, Advertising Law, etc.), in order to minimise the risks associated to any non-compliance.

Also at the level of the operating subsidiaries, plans relative to external situations which may affect current company operation, namely fires, production stoppages, broadcasting failure, IT system failures, etc., have been established and implemented, with the objective of safeguarding people and goods, and ensuring, as far as possible, the continuity of production not only of newspapers and magazines but also television activities.

With regards to financial information, the CEO, in coordination with the Audit Committee and CFO, supervises its preparation and disclosure, in order to ensure a true and fair view of the situation, combined with an honest review of business development and, moreover, prevent undue access to relevant information by third parties.

55. Main features of the internal control and risk management systems implemented in the company, relative to the process of disclosure of financial information (article 245-A, number 1, subparagraph m)).

Before the Board of Directors meetings, scheduled in advance (with the exception of any exceptional meetings) and with this schedule being agreed by all, the non-executive members of the Board of Directors, therefore including all the members of the Audit Committee, receive all the documentation related to the points on the agenda in due time, and may request additional information on any points on the agenda, propose the inclusion of other points they would like to see discussed, and propose to the Chairman of the Board of Directors the attendance of the meeting of any employee or director of IMPRESA and its participated companies who might be related to the discussion of one (or more) points on this same agenda. The non-executive members of the Board of Directors also receive the minutes of the meetings of the Group's Operating Coordination, between the Chief Executive Officer and the Chief Operating Officers, responsible for the different business areas, and all the information and documentation of an economic and financial nature, in particular concerning investment, management control and bank debt evolution, as well as any other related to the Group's activity, such as for example information on human resources, evolution of publication sales and audiences, etc.

The CEO, in coordination with the Audit Committee and CFO, supervises the preparation and disclosure of financial information, in order to ensure a true and fair view of the situation, combined with an honest review of business development and, moreover, prevent undue access to relevant information by third parties.

The financial statements are prepared based on information provided by the various companies of the group and, in particular, by shared services. The Group has implemented internal control mechanisms and procedures regarding the account closing process and disclosure of financial information, bearing in mind the identified risks and defined financial reporting deadlines, requirements and obligations. In this context, timetables, tasks and responsibilities among the employees involved in the process of preparation of the financial reporting documents are defined and communicated.

The Financial Department of the Group reviews the adopted accounting policies, identifies the relevant or unusual transactions, analysing, whenever necessary, with the Audit Committee, the suitable accounting treatments and corresponding disclosure requirements, and identifies the transactions that involve judgements or estimates, defining the calculation methods, assumptions and other relevant information.

Communication mechanisms are defined between each segment and the Financial Department, in order to guarantee that all new operations have been appropriately identified and entered in the accounts, namely, through articulation between the Financial Department and the Management Control of each segment and of the Group.

The Audit Committee, in particular, and as referred to in point 29, holds regular meetings with the external auditors in order to assess whether conditions have been created for the adequate performance of their work. The content of the external auditors' reports is presented and analysed in detail at these periodic meetings, which are held prior to the Board of Directors meetings, so that the Audit Committee is the first body of the Group to examine the content of the reports. Suggestions made by the external auditors aimed at improving the company's internal control measures and implementing better accounting practices are subsequently submitted and discussed with the Board of Directors.

The financial information is only disclosed to the market after approval by the Board of Directors, according to the law.

IV
INVESTOR ASSISTANCE

56. Department responsible for investor assistance, composition, functions, the information made available by this department and contact details.

IMPRESA has a Department of Investor Relations, so as to ensure institutional relations and the disclosure of information to the vast universe of shareholders, potential investors, analysts, stock markets where IMPRESA shares are listed for trading and the respective regulatory and supervisory entities, CMVM and Euronext.

IMPRESA's Department of Investor Relations thus performs an important role in the pursuit of this objective, enabling the maintenance of suitable relations with shareholders, financial analysts and potential investors of IMPRESA, namely through the participation in specific conferences and the holding of road-shows at the main stock markets.

The main function of this Department consists of operating as an agent between the Board of Directors of IMPRESA and investors and financial markets in general, being responsible, under its normal activity, for all information provided by the IMPRESA Group, both with respect to the disclosure of relevant facts and other reports to the market, and the publication of periodic, quarterly, half-year and annual financial statements.

In order to perform its duties, this Department maintains a constant flow of communication with financial investors and analysts in Portugal and abroad, providing all the necessary information and clarifications to respond to requests made by these entities, in compliance with the applicable legal and regulatory provisions.

Office contacts:

Edifício IMPRESA
R. Calvet de Magalhães, 242
2770-022 Paço de Arcos
Telephone: +351-214 544 009
Email: jfreire@impresa.pt

57. Market Liaison Officer.

The Director of Investor Relations is Eng. José Freire, who accumulates the functions of CFO.

58. Details on the extent and deadline for replying to requests for information received throughout the year or pending from preceding years.

All the requests for information (received by telephone, email or mail) are replied to immediately, and there are no pending requests relative to 2016 or from preceding years.

V
WEBSITE

59. Address(es).

The company website address is “www.impresa.pt”

60. Place where information on the firm, public company status, head office and other details referred to in article 171 of the Commercial Company Code is available.

The details relative to all the information referred to in article 171 of the Commercial Company Code is available on the company website, in *investor relations/contacts*.

61. Place where the articles of association and operating regulations of the bodies and/or committees are available.

The articles of association are available on the company website, in *investor relations/corporate governance/corporate governance*.
The regulations of the bodies and committees are available on the company website, in *investor relations/corporate governance/articles of association*.

62. Place where information is available on the names of the corporate bodies' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective duties and contact details.

Information on the names of the corporate bodies' members is available on the company website, in *investor relations/corporate bodies*.
Information on the Investor Support Office is available on the company website, in *investor relations/contacts*.

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.

Information on the financial accounts reporting is available on the company website, in *investor relations/annual reports*.

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.

Information on the General Meetings is available on the company website, in *investor relations/general meetings.*

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available.

Information on the historical archive of the General Meetings is available on the company website, in *investor relations/general meetings.*

D. REMUNERATION

I
POWER TO ESTABLISH

66. Details of the powers for establishing the remuneration of corporate bodies, members of the executive committee or chief executive and directors of the company.

The remuneration of the members of the Board of Directors is established by a Remuneration Committee, elected by the General Meeting.

II
REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to this committee and a statement on the independence of each member and advisor.

The composition of the Remuneration Committee for the current term of office (four-year period 2015-2018) is as follows:

Chairman: Ambassador Fernando António Lacerda Andresen Guimarães
Members: Mr. Alberto Romano
Dr. José Germano de Sousa

The business of the Remuneration Committee was conducted by its members, with no natural or legal persons having been contracted to provide assistance.

All the members of this Committee are independent.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

All the members of the Remuneration Committee have knowledge and experience for this position, due to the pursuit of their professional activity. However, none of the members has specific training and activity dedicated to matters of Human Resources.

III
REMUNERATION STRUCTURE

69. Description of the remuneration policy of the Board of Directors and Supervisory Bodies referred to in article 2 of Law number 28/2009, of 19 June.

In a context of major change and competition, in which the activity developed by the IMPRESA Group is immersed, the capacity to attract, motivate and retain the best professionals on the market, as well as transform their contribution into true teamwork, constitutes a main critical factor for success in the near future.

The Remuneration Committee of the IMPRESA Group defined a strategy of compensation for the members of the Board of Directors, which has the following key objectives:

(i) signal recognition of merit (Meritocracy);

(ii) determine the attribution of variable remuneration in accordance with criteria that are easy to understand (Simplification);

(iii) ensure a balance between the interests of the company and those of the shareholders (Reasonableness).

Considering these objectives, the Remuneration Committee of IMPRESA deliberated on (i) the definition of the value of the fixed remuneration of all the executive and non-executive members of the Board of Directors, and (ii) implementation of a Variable Remuneration Model for the Chief Executive Officer (CEO) and the Chairman of the Board of Directors, considering their current duties, featured in the organisation and management model of the IMPRESA Group.

<u>2016 variable remuneration model (annual)</u>:

The Variable Remuneration Model, applicable with reference to the financial year of 2016, considers 3 bonus levels, corresponding to 1, 2 and 3 times the respective monthly gross remuneration, based on the following cumulative criteria of achievement:

a) Positive assessment of performance
b) Achievement of a consolidated value of Net Bank Debt
c) achievement of a consolidated value of EBITDA

For the financial year of 2016, taking into account the defined criteria, the Committee decided not to attribute any variable remuneration.

<u>2017-2019 multi-annual variable remuneration model</u>:

In line with best market practices, the Remuneration Committee deliberated that, with reference to the three-year period 2017-2019, a multi-annual variable remuneration model will be applied, with a 3-year deferment period.

This multi-annual variable remuneration model is founded on the same basis of the current model in terms of objectives, recipients of variable remuneration, cumulative criteria of achievement and levels of attribution of bonuses, previously mentioned.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on performance assessment and how it discourages excessive risk taking.

See point 69.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component.

See point 69.

72. Deferred payment of the variable component of remuneration, specifying the period of deferral.

See point 69.

73. Criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the

possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value.

Not applicable since there is no attribution of a variable remuneration in shares in the company.

74. Criteria on which the allocation of variable remuneration on options is based and details of the period of deferral and exercise price.

Not applicable since there is no attribution of a variable remuneration in shares in the company.

75. Key factors and grounds for any annual bonus scheme and any additional non-financial benefits.

Not applicable since there is no attribution of bonuses and/or non-financial benefits in the company.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis.

Among the members that compose the Board of Directors, only the Chairman benefits from a supplementary retirement scheme, through the "Impresa Publishing & Associadas" Pension Fund, created in 1987, which covers directors, journalists and other paid staff recruited up to July 5th 1993, as indicated in the information presented in Note 34.1 of the Annex to the consolidated financial statements of IMPRESA.

The supplement attribution plan consists of the following rules and characteristics:
"Journalists and directors who have worked for the company for 10 years or more are entitled to a supplementary retirement subsidy, due to old age or disability, whose amount, with no commitment of future updating, is calculated as follows:

a) Journalists and directors who have worked for the company for 10 years will receive a subsidy equivalent to half the difference between the pension paid by Social Security and their pensionable salary;
b) For every year worked after 10 years, this supplement will increase by 1%, until the sum of the pension and the supplement reaches 90% of the pensionable salary.

Retirement due to old age is defined as that granted to employees aged over 66 years old.

Retirement due to disability is defined as that recognised and granted to employees by Social Security.

Pensionable salary is defined as the value of all the remunerations (base salary, bonuses and allowances) determined for the year of 2002.

Any participant may continue at the service of the Associate, by common agreement, after the date of retirement due to old age. In this case, the value of the pension will be calculated as defined above, based on the pensionable salary and pensionable working time on the date when the employee in question completed 66 years old.

Pension supplements are calculated using the formula used by Social Security to calculate pensions which was in force on July 5th, 1993."

For the financial year ended 31.12.16, pension supplements in the amount of 184,739.38€ were paid by the Pension Fund to the Chairman of the Board of Directors.

The retirement plan described above is included in the information provided in the IPO of IMPRESA in 2000 and, since then, in all documents presenting the accounts.

IV

REMUNERATION DISCLOSURE

77. Indication of the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to its different components.

Remuneration of the Board of Directors (in euros)		
Non-executive	**Fixed (14 months)**	**Variable**
Chairman of the Board of Directors – Dr. Francisco José Pereira Pinto de Balsemão	106,400.00	0.00
Deputy Chairman of the Board of Directors – Eng. Francisco Maria Supico Pinto Balsemão	49,000.00	n.a.
Chief Executive Officer (CEO) – Dr. Francisco Pedro Presas Pinto de Balsemão (a)	236,000.00	0.00
Chairman of the Audit Committee – Dr. Alexandre de Azeredo Vaz Pinto	40,012.00	n.a.
Member of the Audit Committee – Prof. Dr. António Soares Pinto Barbosa	40,012.00	n.a.
Member of the Audit Committee – Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia	40,012.00	n.a.
Member of the Board of Directors – Dr. José Manuel Archer Galvão Teles	30,002.00	n.a.
Member of the Board of Directors – Eng. João Nuno Lopes de Castro	30,002.00	n.a.
Total	***571,440.00***	***0.00***

(a) Remuneration value earned since his co-optation with effect from March 6th 2016

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or that are subject to a common control.

No amounts were paid, for any reason whatsoever, by other companies in a control or group relationship, or that are subject to a common control.

79. **Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses and/or profit sharing being awarded.**

See points 69 and 77.

80. **Indemnities paid or due to former executive directors relative to the termination of their position during the financial year.**

No compensation was paid under this item.

81. **Indication of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory body for the purposes of Law number 28/2009, of 19 June.**

The members of the Audit Committee are remunerated as directors, having received, in 2016 and as referred to in point 77, the following remunerations:

Remuneration of the Members of the Audit Committee	
Dr. Alexandre de Azeredo Vaz Pinto – Chairman	40,012.00
Prof. Dr. António Soares Pinto Barbosa – Member	40,012.00
Dr. Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia – Member	40,012.00
Total	***120,036.00***

82. **Indication of the remuneration in the reference year of the Chairman of the Board to the General Meeting.**

The Chairman of the Board of the General Meeting Board earned the sum of 6,500 euros for the performance of his duties during the financial year of 2016.

V
AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. **Established contractual limitations to compensation payable for the unfair dismissal of directors and its relevance to variable component of remuneration.**

There are no envisaged contractual restraints for compensation payable for the unfair dismissal of directors.

84. **Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to number 3 of article 248-B of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid (article 245-A, number 1, subparagraph l)).**

There are no agreements whatsoever between the company and members of the administration body and directors, pursuant to number 3 of article 248-B of the Securities

Market Code, which foresee the payment of indemnities in the case of termination of the work contract, following a change of company control.

VI
SHARE ALLOCATION AND/OR STOCK OPTION PLANS

85. Details of the plan and the number of persons included therein.

There is no share allocation and/or stock option system in the company.

86. Characteristics of the plan (allocation conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be allocated, the existence of incentives to purchase shares and/or exercise options).

See point 85.

87. Stock option rights for company employees and staff.

See point 85.

88. Control mechanisms established for any system involving employee shareholdings, where the voting rights are not exercised directly by the employees in question (article 245-A, number 1, subparagraph e)).

See point 85.

E. TRANSACTIONS WITH RELATED PARTIES

I
CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties (for this purpose, reference is made to the concept arising from IAS 24).

Requests for prior appraisal of business to be carried out between the company and owners of qualifying holdings or entities which are in any relationship with them should be made to the Audit Committee and, whenever possible, accompanied by appropriate justification, namely regarding the cost, market conditions and alternatives considered.

The Audit Committee has defined businesses that represent more than 1% of the consolidated variable costs of the Group for the year prior to that in question as being of significant relevance.

90. Details of transactions that were subject to control in the reference year.

In 2016, the approvals of the Factsheets of the Conditions of Purchase of Contents from SP Televisão (Madre Group) were subject to the control of the Audit Committee. These factsheets are included in the service provision (television production) agreement concluded with this entity and whose terms were assessed by the Audit Committee in 2015 (Note 34 of the Notes to the consolidated financial statements of IMPRESA.)

91. Description of the procedures and criteria applicable to the supervisory body when the same provides preliminary assessment of the business deals to be carried out between the company and qualifying shareholders or entities in any relationships with the latter, pursuant to article 20 of the Securities Code.

See point 89.

II
DATA ON BUSINESS DEALS

92. Indication of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of this information.

Information on business dealings with related parties is reported in Note 34 of the Notes to the Consolidated Financial Statements of IMPRESA.

PART II

ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the adopted Corporate Governance Code.

The company has adopted the Corporate Governance Code of the CMVM. The respective texts are available to the public on the websites of the company and of the CMVM.

2. Analysis of compliance with the adopted Corporate Governance Code.

<u>RECOMMENDATIONS</u>:

I. VOTING AND COMPANY CONTROL

I.1. Companies should encourage their shareholders to participate and vote in general meetings, in particular by not setting an excessively high number of shares required to be entitled to one vote and implementing essential means to the exercise of voting rights by electronic means.

Partially adopted - The company applies the one "share/one vote" principle, allows voting by correspondence, but has not implemented voting by electronic means.

I.2. Companies should not adopt mechanisms that hinder the passing of resolutions by shareholders, namely setting a deliberative quorum greater than foreseen in the law.

Adopted *(Chapter B, Title I, Points 12 to 14, page 7)*

I.3. Companies shall not establish mechanisms which therefore cause the mismatch between the right to receive dividends or subscription of new securities and the voting rights of each ordinary share, unless duly justified according to the long-term interests of shareholders.

Adopted – No mechanisms of this nature are foreseen, namely in the company's articles of association.

I.4. Articles of association that establish a limitation to the number of votes that may be held or exercised by a single shareholder, individually or in agreement with other shareholders, should also establish that the amendment or maintenance of this statutory provision should be subject to deliberation at the General Meeting, at least every five years – with no requirements for increased quorum numbers relative to legal provisions – and that all cast votes for this deliberation are counted without operation of this limitation.

Not applicable – Considered not to be applicable since the company's articles of association do not establish a limitation to the number of votes that may be held or exercised by a single shareholder, individually or in agreement with other shareholders.

I.5. Measures that have the effect of requiring payments or assumption of charges by the company in the case of change of control or composition of the administrative body, thereby harming the free transfer of shares and free assessment of the performance of the administrative body members by the shareholders, shall not be adopted.

Not adopted (Chapter A, Title I, Point 4, page 2)

II. SUPERVISION, ADMINISTRATION AND SURVEILLANCE

II.1. SUPERVISION AND ADMINISTRATION

II.1.1. Within the limits established by law, and unless the company is of a reduced size, the board of directors shall delegate the daily administration of the company, and the delegated duties should be disclosed in the annual corporate governance report.

Adopted *(Chapter B, Title II, Point 21, pages 15-17)*

II.1.2. The Board of Directors shall ensure that the activity of the company is in accordance with its objectives, and should not delegate its duties, namely concerning: *i*) definition of the company's general strategy and policies; *ii*) definition of the group's corporate structure; *iii*) decisions considered strategic due to the amount involved, risk or special characteristics.

Adopted *(Chapter B, Title II, Point 21, pages 15-17)*

II.1.3. The General and Supervisory Board, in addition to its exercise of supervisory duties, shall assume full responsibility at corporate governance level. As such, the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amounts or risk, shall be set out by statutory provision or by equivalent means. This body should also assess compliance with the strategic plan and the implementation of major policies of the company.

Not adopted - The corporate governance model adopted is the one referred to in subparagraph b), no. 1 of article 278 of the Commercial Company Code, i.e. with a Board of Directors, comprising an Audit Committee and a Statutory Auditor. *(Chapter B, Title II, Point 15, page 7)*

II.1.4. Unless the company is of a reduced size, the board of directors and the general and supervisory board, according to the model adopted, shall create the committees deemed necessary to:
a) Assure that a competent and independent assessment of the performance of the executive directors is carried out, as well as its own overall performance and, in addition, the performance of all existing committees;

Adopted *(Chapter B, Title II, Points 24, 27 and 29; respectively pages 17 and 20 and 21)*

b) Reflect on the system structure and governance practices adopted, verify their efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

Adopted *(Chapter B, Title II, Points 21 and 29; respectively pages 15 and 17 and 20 and 21)*

II.1.5. The Board of Directors or the General and Supervisory Board, depending on the model adopted, should set goals in terms of risk-taking and create systems for their control to ensure that the risks actually incurred are consistent with those goals.

Partially adopted *(Chapter B, Title II, Points 21 and 29; respectively pages 15 and 17 and 20 and 21)*

II.1.6. The Board of Directors shall include a sufficient number of non-executive directors to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the board.

Adopted *(Chapter B, Title II, Point 18, page 9)*

II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the respective free float..

The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed in accordance with applicable law. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:

a. Having been an employee at the Company or at a company holding a controlling or group relationship within the last three years;

b. Having, in the past three years, provided services or established a commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person;

c. Being paid by the company or by a company with which it is in a control or group relationship, in addition to the remuneration arising from exercising the duties of a board member;

d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;

e. Being a qualifying shareholder or representative of a qualifying shareholder.

Adopted *(Chapter B, Title II, Point 18, page 9)*

II.1.8. Directors performing executive duties, when so requested by other corporate body members, shall provide any information requested by them in a timely and appropriate manner.

Adopted *(Chapter B, Title II, Point 21, pages 15-17)*

II.1.9. The Chairmen of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Committee, the convening notices and minutes of the relevant meetings.

Adopted *(Chapter B, Title II, Point 21, pages 15-17; Chapter C, Title III, Point 55, pages 27 and 28)*

II.1.10. If the Chairman of the Board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions for said members to make independent and informed decisions or find an equivalent mechanism to ensure such coordination.

Not adopted – IMPRESA does not consider this recommendation applicable since the Chairman of the Board of Directors does not perform executive duties. *(Chapter B, Title II, Point 18, page 9)*

II.2. SUPERVISION

II.2.1. Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent, according to the applicable legal criteria and be appropriately qualified to carry out his or her duties.

Partially adopted – The Chairman of the Audit Committee, elected at the last General Meeting held on 29 April 2015, is no longer independent, since the previous term of office, through application of the provisions in subparagraph b) of number 5 of article 414 of the Commercial Companies Code. The Board of Directors considers that the Chairman of the Audit Committee, in spite of not complying with the independence criteria as stated in this recommendation, is in the best condition to ensure the impartial and competent performance of his duties in conducting the work of the Committee. Considering the relevant knowledge and experience acquired throughout his professional life, his contribution to the organisation and operation of the Audit Committee, his capacity to analyse and submit proposals of action within the Board of Directors, has proved, in practice, and in a continuous manner, his impartiality, objectivity and independence as a member of the Audit Committee.

II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is also responsible for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services within the company are provided.

Adopted *(Chapter B, Title II, Point 29, pages 20 and 21; Chapter C, Title III, Point 55, pages 27 and 28)*

II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract for the provision of their services when there is a valid basis for said dismissal.

Adopted *(Chapter B, Title III, Points 44 and 45; page 24)*

II.2.4. The supervisory body shall assess the functioning of the internal control and risk management systems and propose adjustments as may be deemed necessary.

Adopted *(Chapter B, Title II, Point 29, pages 20 and 21; Chapter C, Title III, Point 55, pagess 27 and 28)*

II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources allocated to internal audit services and to the services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when they concern matters related to accountability, identification or resolution of conflicts of interest and the detection of potential improprieties.

Not adopted (despite what is referred to in Chapter *B, Title II, Point 29, pages 20 and 21; and in Chapter C, Title III, Points 50 to 52; page 26, IMPRESA considers the recommendation not adopted since its has no internal audit and compliance services)*

II.3. SETTING OF REMUNERATION

II.3.1. The members of the remuneration committee or equivalent should be independent in relation to the members of the administration body and include at least one member with knowledge and experience on matters of remuneration policy.

Not adopted *(Chapter D, Title II, Points 67 and 68; page 31)*

II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the bodies referred to above.

Adopted *(Chapter D, Title II, Points 67 and 68; page 31)*

II.3.3. The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law no. 28/2009, of 19 June, shall also contain the following:
a) Identification and details of the criteria for determining the remuneration to be paid to the members of the governing bodies;
b) Information on the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of governing bodies, and identification of the circumstances under which these maximum amounts may be payable;
c) Information on the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.

Partially adopted – As indicated in *Chapter D, Title III, Point 69* (pages 31 and 32), only subparagraphs a) and b) above have been adopted.

II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to members of governing bodies shall be submitted to the General Meeting. The proposal shall include all the necessary information for a correct assessment of said plan.

Not applicable – IMPRESA considers this recommendation as not applicable, since there are no systems concerning share allocation and/or options to acquire shares.

II.3.5. Approval of any retirement benefit scheme established for members of governing bodies shall be submitted to the General Meeting. The proposal shall include all the necessary information for a correct assessment of said plan.

Adopted *(Chapter D, Title III, Point 76; page 33)*

III. REMUNERATION

III.1. The remuneration of the executive members of the management body shall be based on actual performance and shall discourage excessive risk-taking.

Adopted *(Chapter D, Title III, Point 69; pages 31 and 32)*

III.2. The remuneration of non-executive members of the Board of Directors and the remuneration of the members of the supervisory body shall not include any component whose value depends on the performance of the company or of its value.

Adopted *(Chapter D, Title III, Point 69; pages 31 and 32)*

III.3. The variable component of remuneration shall be reasonable in overall terms in relation to the fixed component of remuneration, and maximum limits should be set for all components.

Adopted *(Chapter D, Title III, Point 69; pages 31 and 32)*

III.4. A significant part of variable remuneration should be deferred for a period not less than three years and its payment should depend on the company's continued positive performance during this period.

Not adopted – As indicated in *Chapter D, Title III, Point 69* (pages 31 and 32), the model in force only applies to the financial year of 2016. In the interim, for the three-year period 2017-2019, the Remuneration Committee implemented a multi-annual variable remuneration model over 3 years.

III.5. Members of the management body shall not enter into contracts with the company or third parties, which intend to mitigate the risk inherent to the variability of the remuneration established by the company.

Adopted – No member of the management body has entered into contracts with the company or third parties, which intend to mitigate said risk.

I

II.6. At the end of their term of office, executive directors should keep the company shares that they have accessed through variable remuneration schemes, up to the limit of twice the value of the total annual remuneration, with the exception of shares which need to sold for the payment of taxes on gains of these shares.

Not applicable – See recommendation II.3.4

III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period of no less than three years.

Not applicable – See recommendation II.3.4

III.8. When the removal of a board member is not due to serious breach of his/her duties nor to his/her unfitness for the normal exercise of his/her functions but is nonetheless due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.

Not adopted – In spite of the absence of the aforesaid situations, there is no formal legal instrument to deal with these situations.

IV. AUDIT

IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the governing bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.

Adopted – The external auditor, under the duties stipulated in article 45 of the Commercial Companies Code, undertakes the assessment of this matter, reporting any possible opportunities for improvements to the Audit Committee.

IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory body and explained in its annual corporate governance report - said services should not exceed more than 30% of the total value of the services rendered to the company.

Adopted *(Chapter B, Title V, Points 46 and 47; pages 24 and 25)*

IV.3. Companies shall promote auditor rotation at the end of two or three terms of office, according to whether they are of four or three years. Its continuance beyond this period shall be based on a specific opinion of the supervisory body which explicitly considers the auditor's conditions of independence and weighs up the advantages and costs arising from its replacement.

Adopted *(Chapter B, Title V, Point 44; page 24)*

V. CONFLICTS OF INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

IV.1. Corporate business with qualifying shareholders or entities with which they are related in any form, under the terms of article 20 of the Securities Market Code, should be conducted under normal market conditions.

Adopted *(Chapter E, Title I, Point 89; page 36)*

V.2. The supervisory body shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings – or entities with which they are in any of the relationships described in number 1 of article 20 of the Securities Market Code –, where the conduct of business of significant relevance is dependent upon the prior opinion of this body.

Adopted *(Chapter E, Title I, Points 89 and 90; pages 36 and 37)*

VI. INFORMATION

VI.1. Companies shall provide, via their websites, in Portuguese and English, access to information on their progress as regards their economic, financial and governance situation.

Adopted *(Chapter C, Title V, Points 59 and 65; pages 29 and 30)*

VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing shall be kept.

Adopted *(Chapter C, Title V, Points 56 to 58; page 29)*

Lisbon, March 2nd, 2017

The Board of Directors

Francisco José Pereira Pinto de Balsemão

Francisco Maria Supico Pinto Balsemão

Francisco Pedro Presas Pinto de Balsemão

Alexandre de Azeredo Vaz Pinto

António Soares Pinto Barbosa

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

José Manuel Archer Galvão Teles

João Nuno Lopes de Castro

Sustainability Report

Annual Accounts 2016

IMPRESA – SGPS, S.A.
Sociedade Aberta
Capital Social Eur 84.000.000
Rua Ribeiro Sanches, 65
1200–787 Lisboa
NIPC 502 437 464
Conservatória do Registo Comercial de Lisboa

SOCIAL RESPONSIBILITY REPORT - 2016

The IMPRESA Group is aware of and fully undertakes its added social responsibility, since most of its companies operate in the media area, and due to its consequent impact on society.

IMPRESA promotes various initiatives, both internal and external, on an annual basis, which reflect its concern with sustainability and convey the values that it applies and endorses, such as:

- Defence of freedom of expression;
- Role of the independent media and quality in the functioning of democracy;
- Development of strong relations with stakeholders, local communities and Portuguese society in general;
- Focus on talent and human capital;
- Conservation and defence of the environment.

In this context, various actions were developed during 2016 by the main areas of the Group:

A. EXTERNAL LEVEL

1. SOCIAL SOLIDARITY

SIC Esperança was supported by the IMPRESA Group in the promotion of various social solidarity actions.

During 2016, SIC maintained the free availability of public service space. Sixty-four campaigns of Private Social Solidarity Institutions were broadcast, amongst which APELA, APSI, Associação SERES (SERES Association), Associação Operação Nariz Vermelho (Red Nose Operation Association), Banco Alimentar Contra a Fome (Food Bank), SOS Animal and Liga Portuguesa Contra o Cancro (Portuguese League against Cancer), involving a total of more than 18 hours.

On the thematic channels SIC Notícias and SIC Mulher, campaigns with a focus on specific social topics were disseminated.

In addition, all the press publications regularly offered space for the promotion of relevant charity initiatives, presented by credible entities.

SIC ESPERANÇA (SIC HOPE)

SIC Esperança is a Private Social Solidarity Institution (IPSS) of public utility, transversal to all IMPRESA Group companies, whose primary objective is to raise the awareness of civil society regarding existing social problems in Portugal, working with companies in the development of social projects and very often in partnership with institutions in the "field", with a view to contributing towards the mitigation of these problems and the construction of a fairer and less unequal country.

Projects

- In light of the refugee crisis, SIC Esperança, with the support of the Impresa Group media, launched its first international humanitarian aid project. A fund-raising campaign, under the motto "to imagine is easy, feeling is difficult", was held between 25 January and 17 February, to acquire family tents and emergency kits, in order to relieve the effects of Winter at refugee camps. About 35,000 euros were raised and delivered to the United Nations High Commissioner for Refugees, which undertook to acquire, transport and deliver the materials to the field. Various personalities of SIC, namely Júlia Pinheiro, João Moleira, Clara de Sousa, Cláudia Vieira, Rogério Samora and João Manzarra, collaborated on the campaign.

- Following the 2nd edition of the "More For All Movement", SIC Esperança accompanied, over the course of 2016, the implementation and monitoring of the 62 winning projects throughout the national territory.

- SIC Esperança joined the magazine Visão and the EDP Community for the development of the 2nd edition of the project "For a Better Neighbourhood". For six months, between April and September, 6 social intervention actions were undertaken, with the objective of promoting good relations between the residents, in order to build a more proactive society that is more attentive to the needs of others.

The 1st initiative took place in Rito Tinto on 2 April, in a partnership with the Soutelo Social Centre, which consisted in encouraging the residents of the neighbourhood to set aside some minutes to communicate with the elderly or those needing care that live alone without any family support. Those people are contacted regularly, at a specific time, by volunteers who, through the window or the intercom, chat for a while and make sure that everything is alright. Care for the elderly or dependants suffering from social isolation was thus improved, promoting mutual assistance at neighbourhood level.

The 2nd initiative was held on 30 April in the Mouraria neighbourhood, in Lisbon. In this initiative a group of volunteers spent many hours cleaning the tags of the neighbourhood. The tags are scribbles which can be found a little everywhere: on the walls of buildings, on traffic signs, on railings, on park benches, on containers, shop windows and bus stops, and whose only aim is to damage those locations. The initiative thus intended to remove this gibberish that hurts the image of the neighbourhood, while at the same time transmit a message of respect for the public spaces of the community, returning the space to its original essence.

For the 3rd initiative, a session of the programme “Small Giant Hearts", developed by Sociedade do Bem, took place at EB1/JI dos Canaviais, in Évora. This programme was undertaken over three months among children of the 1st cycle with the objectve of showing them good examples, instill in them positive attitudes and the ability to listen actively and accept different points of view. On 12 May a group of children of this school was invited to reflect on the ideal environment for the playground, identifying good practices for harmonious coexistence.

In the 4th initiative, which took place in Ourém in partnership with the Dr. Agostinho de Almeida Foundation, an information and awareness raising campaign was developed for the situation of institutionalised children and young people. The aim was to alert the community to the plight of these minors, breaking down stigmas and prejudice and promoting a relationship of proximity and mutual assistance between the Institution and the community. A second intention was to disclose the importance of the host families for these young people and inform potentially interested people.

The 5th initiative was held in Beja. In partnership with the Beja Cerebral Palsy Centre, public and private entities were made aware of the importance of promoting accessibilities, alerting the common citizen to the small daily actions that can limit the freedom of people with reduced mobility. With the support of Beja City Hall and of Santiago Maior e S. João Baptista Parish Council, two routes in the neighbourhood were adapted, so that the users of the Institution can travel without architectural limitations.

Within the scope of the project “Explain it to me" of Cáritas Diocese of Leiria, the 6th initiative aimed to make the entire community aware of the work that has been carried out by the institution and attract volunteers to give free lessons to children and teenagers from deprived families and with poor school performance in the 2nd and 3rd cycles of elementary education.

On 30 January 2017, the project ended with a conference in Lisbon, at the Auditorium of the Head Office of EDP, where the future of our cities was debated.

- SIC Esperança joined the Gulbenkian Foundation and Santa Casa da Misericórdia do Porto for the production in Braille of 12 monthly editions of the magazine Visão and 6 bimonthly editions of Visão Júnior, to be distributed for free in public libraries, schools and Private Social Solidarity Institutions. The access to information and to quality contents for the blind population of the country was thus guaranteed.

- In the summer the country was plagued by various fires, which in addition to the hectares of burnt forest, resulted in the loss of human lives, animals and material goods. To minimise the damages of this catastrophe, SIC Esperança, with the support of the IMPRESA Group media and BPI, launched a fund-raising campaign entitled "Green Hope". €162,788.83 were raised, of which €100,000 were donated by BPI, which shall be given to Private Social Solidarity Institutions of the areas afflicted by the fires and applied in three categories: victim support, forest cleaning campaign and reforestation of the affected areas.

- In 2016, the 4th edition of the "Freedom of Expression and Social Networks" project was launched, in partnership with the Network of School Libraries and Porto Editora, with the theme of "Dating Violence". The objective of this contest, aimed at students of the 3rd cycle of elementary and secondary education, aged 13 years old or above, is to stimulate reflection and debate on the topic of freedom of expression, the civic use of social networks, and its limits and rules. One hundred and seventy-nine works were submitted, which shall be appraised by the selection panel on 14 February 2017.

- In the 2016 edition of the Expresso/BPI Golf Tournament, SIC Esperança was, once again, the social partner, having attributed the funds raised to the "The Estate of Affections" project, of the Portuguese Association of Parents and Friends of the Mentally Deficient Citizen of Soure. The project aims to create a space for the capacity building of parents with a disability through the promotion of various workshops: Personalised Customer Service Workshop (psychosocial support, psychological support), Parental Skills Workshop (recreation of daily life activities, personal hygiene and health care, diet, etc.) and Baby Bank (space for the reception of donated goods). The aim is to create conditions for these parents to be able to enjoy all the rights and duties of their parenting and ensure the stability of the household.

- On October 6th the 7th edition of the "SIC Esperança Rock in Rio Solar School Award" was launched. The attributed funds come from the sale of electricity produced by solar panels installed in schools throughout the entire country, during the Solar School competition in the 2008 edition of Rock in Rio Lisbon. Among more than 200 applications, the jury chose the "GEAS – Gestão de Águas Sanitárias" project (Management of Sanitary Waters), presented by the Comendador Almeida Roque Foundation. The project consists in the development of a universal kit, mechanically controlled, that reuses the water from the shower for the toilet cistern flushes, reducing water waste. An honourable mention was also attributed to the Padre Alves Correia Centre, for the Employment+ project aimed at professionally integrating immigrants with difficulties in Portuguese language skills, with serious economic difficulties, and that are unemployed or searching for their first job.

- SIC Esperança and Google launched on December 5th the "Digital Ateliers" project which consists in the creation of free courses for the digital training of young Portuguese people. The project is divided into two types of courses: online training, composed of 23 learning modules through an online platform; and face-to-face training, week-long courses taught in Politechnic Institutes.

- For the 4th consecutive year, SIC Esperança and Porto Editora launched a Christmas project. During the months of November and December, for each children's book sold with the Alfa & SIC Esperança Christmas Campaign sticker, €1 reverted to supporting the "Learning More" initiative from ACREDITAR (Association of Parents and Friends of Children with Cancer). The objective was to provide schooling assistance to children and young people being treated for cancer and, as such, prevented from temporarily attending school. The actress and presenter Claudia Vieira was the godmother of the project.

- Under the partnership concluded at the end of 2012 between SIC Esperança and the Mapfre Foundation, the "Lisbon 100 %" project of the Re-food Association was supported for the fourth consecutive year, consisting of the daily collection of leftover food from partner restaurants and its subsequent distribution to families in need. The project continued to grow and there are currently 34 centres in operation, with about 4,600 volunteers, recovering 84,000 meals every month from 1,000 partner restaurants, enabling the distribution of food to more than 4,000 beneficiaries.

- In 2009, in partnership with Fiat, SIC Esperança created study grants for young people that were raised in Private Social Solidarity Institutions and that wish to attend university. In 2016, two of the three supported young people completed their course and the third will complete the master's this academic year.

Internal Actions

- Every year, SIC Esperança appeals to the generosity of IMPRESA Group employees for a volunteering action at an institution in the area where their premises are located:
  - In Matosinhos, in partnership with the Porto Business School, the action was undertaken on 9th and April 10th, at the premises of the Social and Voluntary Work Association of Lavra. About one hundred volunteers contributed towards the renovation of the study room and the dance room and created two new

spaces, the youth room and the sitting room, thus providing more comfortable conditions to about 300 children.

- In Lisbon, the intervention took place on 18th, 19th and November 20th at the Casa de São Bento, in Caxias. This institution intends to fight against the high level of absenteeism and early school leaving among the children and young people residing in the Francisco Sá Carneiro neighbourhood. About one hundred volunteers of the IMPRESA Group renovated 4 rooms and 1 corridor, making the Casa more welcoming, comfortable and worthy for the beneficiaries, workers and volunteers of the Institution. For 3 days, the works were supervised by a team that made a final video in 360º.

- SIC Esperança joined the "*Show Box*" campaign, promoted by the NGO Helpo, whose objective was the collection of footwear to send to children and young people that the institution supports in Mozambique and São Tomé and Príncipe. Therefore, in October and November, collection locations were made available in all the buildings of IMPRESA, so that Group employees could contribute to this initiative.

- With the aim of guaranteeing that there would be no food waste at the Christmas dinner of the IMPRESA Group, SIC Esperança invited Re-Food to collect all the food that was not consumed, resulting in the redistribution of a total of 250 meals.

- On December 21th, a group of young people from the Casa de São Bento had the opportunity to go on a guided tour of the premises of SIC, where they were able to view, with virtual reality goggles, the 360º video made during the volunteering action. The Impresa Group and Samsung came together to donate to the institution a virtual reality kit (goggles, mobile phone and 360º camera), training in 360º, certified by Universidade Lusófona, and supervision of the making of the 1st video with the participation of two volunteer actors, Rogério Samora and Miguel Costa, which shall be subsequently disseminated in the social networks of the Group.

Other initiatives

- With the support of the Group media, SIC Esperança, as a Private Social Solidarity Institution, promoted a campaign appealing to the donation of the 0.5% personal income tax (IRS) deduction. The journalist Pedro Mourinho lent her face to this campaign.

- SIC Esperança, in partnership with Rock In Rio Lisboa and as social partner of the festival, offered about 1,300 beneficiaries from 69 Social Solidarity Institutions entry to the festival on May 27th.

- SIC Esperança established a partnership with Book In Loop, a digital plaform for the purchase and sale of school textbooks which offers savings of 80%. All institutions of the database were thus informed of the existence of this plaftform, which permitted the most underprivileged families to reduce their expenses with school textbooks.

- SIC Esperança joined the 9th prevention of school failure campaign of the Alain Afflelou optics , which aims to transmit to parents and educational professionals the importance of early detection of vision porblems. To this end, it promotes screenings and provides eyeglasses free-of-charge to children between the ages of 5 and 7. SIC Esperança, in partnership with the Sporting Foundation, informed about one hundred children from 14 Social Solidarity Institutions that underwent the screenings, with prescription eyeglasses having been offered to nine of these children. The handing over ceremony of the eyeglasses was attended by the presenter Cláudia Borges, which joined this campaign.

- On October 15th, the “Move for a Cause” event, an initiative of Exame Informática and Vodafone, was held. The event brought together a group of its readers at the Go Fit gymnasium, in Lisbon, for a morning of physical exercise with the objective of providing 5 Social Solidarity Institutions, selected by SIC Esperança, with free Internet service for 2 years.

- The production of the “Faz Sentido” (Makes Sense) programme of SIC Mulher donated to SIC Esperança 159 books which were in turn donated to the Embarca Project.

- The commercial department of the IMPRESA Group gave SIC Esperança a variety of toys which were donated to the "Gaivotas da Torre" (Tower Seagulls) institution.

Distinctions

"Os Rotários (distrito 1960)" awarded the title “Paul Harris Companion” to SIC Esperança and to its chairman, Dr. Mercedes Balsemão, for the outstanding work performed over the years for social solidarity. The award of this title aims to pay tribute to a person or organisation that stands out for their humanitarian work.

2. ENVIRONMENT AND SUSTAINABILITY

The IMPRESA Group has long been a pioneer in the public discussion of environmental problems and search for solutions to resolve them. The year of 2016 was no exception:

Thematic Month

June – Was the Energy month for the Expresso. Thus, in partnership with EDP, reports and articles were published on the most important energy sustainability issues. There was also the distribution, for the entire circulation of EXPRESSO, of recyclable bags with the objective of promoting their reuse.

Visão Verde (Green Vision)

In 2016 the magazine VISÃO published its eighth annual edition dedicated to the environment and sustainable development, thus restating its commitment, undertaken in 2007, with the first thematic edition of VISÃO Verde, to produce, on an annual basis, a magazine in defence of the Planet's sustainability and a better future for all.

The theme of the edition of 2016 was: "Until when will we have fish?". It addressed one of the greatest national quests, the sea, and in particular those species that are endangered, what is being done in terms of their preservation and fish as essential to our health and way of life.

This edition, which included illustrations of Pedro Salgado, was placed on sale with four different covers so that the fish that most appealed to readers could be chosen.

Visão Solidária (Charitable Vision)

Visão Solidária is another annual edition. Associated to this edition the brand launched over the years various initiatives dedicated to social causes, thus ceasing to be an exclusively editorial project.

These actions should be viewed as fundamental parts of a project aimed at combating indifference and marginalisation and that seeks to achieve that objective through its main calling: informing people. About problems, first and foremost, but also about the many things that many people do in our country to fight against poverty, disease, pain, isolation and the many forms of exclusion.

The project was born in 2011 with the launch of a special edition of the magazine Visão Solidária and, today, has expanded to a website (visao.pt/solidaria), small conferences, the attribution of an award and a final event which, in this edition, took on the form of a charitable concert.

a) **Visão Solidária (Charitable Vision)**

In 2016, the magazine Visão launched the seventh special edition of its Solidária publication. A magazine dedicated to issues of social solidarity, sustainability and integration, in a partnership with Montepio Mutual Association.

In Visão Solidária, stories were told, many stories. Of anonymous heroes that managed to build projects from scratch; of companies that found innovative ways of involving and encouraging the participation of its human resources; of famous people (here and elsewhere) that drop everything to go and help others. The most innovative projects were made known; what social economy is and why it is going to grow exponentially in the future was explained.

b) **“Our Heroes" Awards**

"Our Heroes" awards were introduced with the objective of distinguishing people who, in the various areas, were an example of solidarity and social intervention. The stories of those people were told so as to serve as an example and inspiration.

The winners of the "**Our Heroes**" awards were chosen by a selection panel composed of Mercedes Balsemão, chairwoman of SIC Esperança, António Tavares, ombudsman of Misericórdia do Porto, Conceição Zagalo, chairperson of Grace, Dulce Rocha, executive chairperson of Instituto de Apoio à Criança (Child Support Institute) and Mafalda Anjos, Director of Visão. The selection panel assessed dozens of applications that had been short-listed previously by the editorial team of the VISÃO magazine.

For the fifth consecutive year, Visão Solidária and the Montepio Mutual Association once again awarded prizes to people that stood out in the solidarity area through projects with a social impact on their community:

HERO OF THE YEAR:

Nuno Neto, 55 years old, Albufeira - APEXA – Association of Support to the Exceptional Person of the Algarve

Father of a young man with Spina Bifida, founded the association 13 years ago with the objective of supporting the socio-professional integration of people with disabilities. It is currently staffed by 15 technicians and provides support to 450 people.

HONOURABLE MENTIONS:

Rosa Vilas Boas, 37 years old, Porto – Ajudaris

Give back to the community what the community has given her is the objective of Ajudaris. The association supports more than 200 families in need of food and other essential goods. It also guarantees study support for the younger ones and active ageing for the older ones. Every year, it launches books with stories written by the supported children.

Miguel Neiva, 47 years old, Porto - ColorADD

Created an alphabet of the universal colours, through a monochromatic graphic code, enabling the integration of people that are color blind in all the activities that require colour recognition. All over the world, about 350 million people are unable to distinguish colours.

Maria de Lurdes Macedo, 45 years old, Lisbon - Orientar – Association of Intervention for Change

Orientar plays a key role in the promotion of socio-professional integration of people at risk of exclusion, such as the homeless or long-term unemployed. The association has a residence with capacity for eight people and a store that helps to raise funds.

c) Conversations with Visão

Two LIVE MEDIA moments, held at Atmosfera M of Montepio locations. The first in Lisbon and the second in Porto. In a more informal setting, we invited Mafalda Ribeiro - recognised for her involvement in social causes - who interviewed other personalities with responsibilities in the same area. These moments were broadcast LIVE on the Facebook page of Visão, and the contents were also used in the magazine Visão and on the channel Visão Solidária.

d) Charitable Concert

"Our Heroes" of 2016 were revealed during the charitable concert with the participation of Deolinda and the fado singer Fábia Rebordão, who filled Teatro da Trindade, in Lisbon, on a Friday night.

The show, also promoted by Visão Solidária and by the Montepio Mutual Association, helped to collect food for Comunidade Vida e Paz (Life and Peace Community). Instead of paying for the ticket with money, the spectators donated a basket of food of a minimum value of 5€ (milk, canned foods, pasta, rice, olive oil or other non-perishable products). At the end of the counting, the strong spirit of solidarity of the readers of Visão was confirmed. In total, 998.75 kg of foodstuffs were donated.

3. CULTURE

The IMPRESA Group media continued to support social manifestations in 2016, through the publicising of contents and other forms:

a) Support to performing arts and other cultural initiatives

In the area of musical and cultural performances, the SIC Group supported a total of 78 events related to music, the performing arts or culture. In almost all of these events, the SIC brand was present at the event, so as to enhance proximity. Among these events, Rock in Rio Lisbon, RFM Somni, Super Bock Super Rock, Sumol Summer Fest and Meo Sudoeste are worthy of mention.

b) Special conditions for advertising

Culture, shows and other events of an institutional nature benefitted from advertising price discounts.

4. INSTITUTIONAL INITIATIVES

The IMPRESA Group sought, during 2016, to promote and distinguish people and institutions, and use its resources to draw attention to major current affairs.

Expresso

- **Pessoa Award**

  Launched in 1987 by Expresso, this is one of the most important awards in the country, attributed every year to a Portuguese personality with relevant intervention in scientific, artistic and literary life.

  The selection panel of 2016 was composed of Francisco Pinto Balsemão (Chairman), António Domingues (Deputy Chairman), António Barreto, Clara Ferreira Alves, Diogo Lucena, Eduardo Souto Moura, José Luis Porfírio, Maria de Sousa, Maria Manuel Mota, Pedro Norton, Rui Baião, Rui Vieira Nery and Viriato Soromenho Marques.

  In 2016, the prize of the value of 60,000 euros was awarded to Frederico Lourenço, author, translator and Portuguese university professor, a leading expert in classical languages and literature, particularly classical Greek.

  This award is offered in partnership with Caixa Geral de Depósitos.

- **Primus Inter Pares Award**

  Launched in partnership with Banco Santander Totta, its objective is to contribute to the development of a culture of rigour, professionalism and excellence in business management, by granting special opportunities for supplementary academic training, at a national and international level, to three final year Master's students following a licentiate degree in Business Management, Economics or Engineering, from Portuguese Universities, Schools or other Higher Education Institutions, chosen each year by the selection panel as the most outstanding.

  The award attributed to the three winners consists of the offer of an MBA at a national and international Business School of prestige: IESE, in Barcelona, IE Business School, in Madrid, Lisbon MBA, ISCTE, ISEG and Porto Business School. Those ranked in 4th and 5th place receive a post-graduation course.

The selection panel of the Primus Inter Pares Award is composed of Francisco Pinto Balsemão (Chairman), António Vieira Monteiro (Deputy Chairman, Estela Barbot, António Vitorino and Raquel Seabra.

The winner of the Primus Inter Pares Award 2015/16 Award, having won first place, was André Dias.

- **Branquinho da Fonseca Award**

Organised in partnership with the Calouste Gulbenkian Foundation, the objective of this award, of the value of 5,000 euros and which guarantees publication of the winning works, is to encourage young writers of literature for children and young people.

The selection panel is composed of Ana Maria Magalhães, Rita Taborda Duarte, José António Gomes, and António Loja Neves, representative of the EXPRESSO newspaper, and Maria Helena Melim Borges, representative of FCG.

"Tiago, o Colecionador-Quase-Nuvem" of Vanessa Mendes Martins was the winning work of the 8th edition of the Branquinho da Fonseca EXPRESSO / Gulbenkian Award, published by Arranha Céus and illustrated by Marta Madureira.

- **Open Innovation**

Open Innovation is an entrepreneurship project of Expresso and EDP, a competition launched internationally aimed at finding innovative projects in the energy area. Entrepreneurs from all over the world can submit their ideas to one or more of the 12 categories available, until August 31st. The 15 best teams go on to the next phase where they have the opportunity to join an acceleration programme that takes place at Fábrica de Startups.

The next phase, known as Investment Pitch, follows in November. The Brazilian company DELFOS, which developed a system that monitors, establishes analysis standards and anticipates real time problems in wind turbines won the EDP Open Innovation award, of the value of 50,000 euros and entry to the Web Summit of Lisbon. The other awarded companies were Glartek, in second place, with an idea of how to make an industrial system more intuitive, through a digital solution that combines the Internet of Things to augmented reality, and Sunshine Rocks, which created a platform that allows people to connect to each other at a local level to share energy conditions and as a community.

EDP Open Innovation is a result of the merger between the EDP Innovation Award and the Energy of Portugal Award, maintaining energy as the major pillar but extending the opportunity for participation beyond its borders. The competition has implementation centres in Portugal, Spain and Brazil.

- **Car of the Year | ESSILOR Crystal Wheel Trophy**

The Car of the Year | ESSILOR Crystal Wheel Trophy is the conclusion to a long and successful path over 34 editions, whose main achievement was to award the best auto product sold in Portugal and which is also more suitably adapted to the characteristics of the national market. Organised by Expresso and SIC Notícias, this initiative aims to provide a public service, highlighting the best products that the auto sector has to offer every year.

In the 34th edition, the panel of 19 jurors, which represent written press, digital media, radio and television, had to assess the 16 applicants. In addition to the Car of the Year/ESSILOR Crystal Wheel Trophy, the selection panel will also choose the winners of the competition's five classes, City Car of the Year, Van of the Year, Family Car of the Year, Crossover of the Year and Ecological Car of the Year. In addition to these, there are also those that are attributed the Innovation and Technology Award and the Public Award.

VISÃO

- **For A Better Neighbourhood Project**

This project, developed in partnership with the EDP Community, aims to give energy to Portuguese Neighbourhoods and promote cooperativism between all neighbours, giving individual people, associations and other entities the opportunity to reveal innovative projects that they would like to see implemented in their Neighbourhoods.

During six months, the EDP Community, Visão and SIC Esperança (see **Projects** – pages 2 to 4) looked at Portuguese neighbourhoods, people, associations and projects that are changing our cities. We identified and helped implement 6 projects and ideas in an initiative whose closing session took place at a conference held in EDP's headquarters building in Lisbon at the end of January 2017.

<u>EXAME</u>

· **<u>The 500 Largest and Best Companies</u>**

For the past 27 consecutive years, the magazine Exame has awarded the best amongst the largest companies operating in Portugal. This special publication of Exame is the most reliable guide to the Portuguese business world, and is already considered a reference in the market.

The study on which this edition is based is carried out exclusively for Exame by Informa D&B and validated by Deloitte. In addition to the ranking of the 500 best companies, according to turnover, the Best Company in each of the 27 business sectors analysed and the Company of the Year are selected. The company of the year was <u>Brisa O&M</u>.

· **<u>Banking & Insurance</u>**

With the support of Informa D&B and Deloitte, EXAME also awards the economic and financial performance in the Banking and Insurance area.

Regarding the banking area, the awards attributed were:
<u>Santander Totta</u> - Fastest Growing Large Bank, Most Solid Large Bank, Most Profitable Large Bank and Best Large Bank;
<u>BIG</u> - Most Solid Small or Medium-sized Bank, Most Profitable Small or Medium-sized Bank and Best Small or Medium-sized Bank;
<u>Atlântico Europa</u> - Fastest Growing Small or Medium-sized Bank.

Regarding the insurance area, the awards attributed were:
<u>Fidelidade</u> - Best Large Life Insurer;
<u>Tranquilidade</u> - Best Large Non-Life Insurer;
<u>Finibanco Vida</u> - Best Small or Medium-sized Life Insurer;
<u>CA Seguros</u> – Best Small or Medium-sized Non-Life Insurer.

· **<u>The 1000 Largest SMEs</u>**

In this partnership with Caixa Geral de Depósitos, the winning companies are selected through a study carried out exclusively for the magazine Exame by Informa D&B, with the results being validated by Deloitte.

Exame has been publishing the ranking of the 1,000 Largest SMEs, in a special folder, for 17 consecutive years, and selects the best SME in each of the 22 sectors considered, and the best of the best. The grand winner was Luís Leal & Filhos, S.A.

Global Management Challenge

Pursued with great success in 2016, this Portuguese initiative, launched over 30 years ago under a partnership between the Expresso and SDG – Simuladores e Modelos de Gestão, is currently implemented in about 40 countries spread over four continents. Since its launch, more than half a million people throughout the world have participated, from university students to corporate staff members.

The final of the Portuguese edition of 2016 took place in Lisbon, in November, with a team of corporate staff members, supported by IAPMEI and an SME, having been crowned winners.

In this competition of strategy and management, the teams have a company to manage. Throughout the test, they have to make decisions affecting the company's destiny. At the end, the company that obtains the best results wins.

For university students, the Global Management Challenge functions as an educational experience that complements their academic training. Corporate staff members, in turn, by entering this challenge, have the opportunity to update and test their knowledge and improve their teamwork and leadership skills.

Valued by the national business fabric, more than 70 countries participated in this initiative's last edition. It is also sponsored and supported by prestigious national and international organisations.

The final of the strategy competition created in Portugal took place in Macau. A total of 25 teams from all over the world had to manage a virtual company, with the team from Russia having been crowned as the winner of the International Final.

Global Investment Challenge

Amongst other events, the Expresso and SDG – Simuladores e Modelos de Gestão launched a competition 8 years ago where each individual can invest and test his/her knowledge on the Stock Exchange. It is called Global Investment Challenge, a competition whose enrolment is free of charge. It is supported by Euronext and, in this edition, sponsored by Haitong Bank. It also uses the online trading platform of Banco Best. The winner is the participant whose portfolio shows the highest yield at the end of the challenge.

The competition has two categories: "General" where the overall valuation of each participant's portfolio is measured and "Students", where the valuation of each student participant's portfolio is measured. The participants are also evaluated on a weekly basis, with prizes being awarded to those that obtain the best weekly performance, in both categories.

André Gonçalves was the winner of the "General category", followed by Patrícia Gomes and Luís Ribeiro. In the "Students" category, the winner was Dário Florindo, followed by Ruben Reis and Manuel Simas.

The prize-winners received a tablet and a trip to Paris that includes a visit to the Stock Exchange of the city, while the second and third runners-up received tablets as a prize.

5. RELATIONS WITH STAKEHOLDERS

The presence of the IMPRESA Group is consolidated in the different associative, regulatory and self-regulatory bodies, which allows it to participate, in an active manner, in decisions of interest to its business. This position continued to be upheld during 2016, through participation in the debate and preparation of alternatives to proposed bills, guidelines and/or standards that the Government and other Entities, at a national and European level, submitted for public consultation or to the entities where we are represented.

During 2016, the IMPRESA Group maintained and/or strengthened its presence in the governing bodies of the following associations:

- ACEPI – Associação do Comércio Eletrónico e da Publicidade Interativa (Association of Electronic Commerce and Interactive Advertising) - Board of Directors

- AEP – Associação Empresarial de Portugal (Business Association of Portugal) – General Board
- AIP/CE – Associação Industrial Portuguesa/Confederação Empresarial (Portuguese Industrial Association/Corporate Confederation) – General Board;
- ANETIE – Associação Nacional das Empresas de Tecnologia de Informação e Eletrónica (National Association of Information Technology and Electronics Companies) – Chairman of the General Meeting
- APCT – Associação Portuguesa para o Controlo de Tiragem e Circulação (Portuguese Association for Edition and Circulation Control) – Vice-Chairman of the Board of Directors
- APCT – Associação Portuguesa para o Desenvolvimento das Comunicações (Portuguese Association for the Development of Communications) - Board of Directors
- APDSI – Associação para a Promoção e Desenvolvimento da Sociedade de Informação (Association for the Promotion and Development of the Information Society) – General Board
- API – Associação Portuguesa de Imprensa (Portuguese Press Association) - Chairman of the Board of Directors
- CAEM – Comissão de Análise e Estudos de Meios (Media Analysis and Research Committee) - Technical Committee
- CCPJ – Comissão da Carteira Profissional de Jornalista (Professional Journalist Certification Commission) – Executive Secretariat
- COTEC - Associação Empresarial para a Inovação (Business Association for Innovation) – Chairman of the General Meeting
- ERC – Entidade Reguladora para a Comunicação Social (Social Communication Regulatory Entity) – Advisory Board;
- EF – Associação de Empresas Familiares (Association of Family Companies – Chairman of the Supervisory Board
- ICP/ANACOM – Advisory Board
- ICAP – Instituto Civil da Autodisciplina da Publicidade (Civil Advertising Self-Regulation Institute) – Chairman of the General Meeting
- MAPINET – Board of Directors
- OBERCOM – Observatório da Comunicação (Communication Observatory) - Board of Directors
- NP – Notícias de Portugal (News from Portugal) – Chairman of the Board of Directors
- VISAPRESS – Board of Directors

- AEM – Association of Publicly Quoted Companies – Chairman of the General Board
- AMD – Associação de Marketing Direto (Direct Marketing Association) - Board of Directors
- Comissão de Classificação dos Meios de Comunicação Social (Media Classification Committee) - Chairman
- PMP – Plataforma de Media Privados (Private Media Platform) - Chairman of the General Board

The defence of freedom of information, the independence and viability of media companies were consistently advocated both within these bodies and before the Government, European Commission and members of the European Parliament:

a) <u>Before the Government, Parliamentary Groups and other Entities</u>

Throughout 2016, the evolution of the Government and Parliament's main initiatives in the Media area was closely monitored, with emphasis on the amendments to the Private Copy Law, the Gaming Law, the Collective Management Entities Law, the Transparency Law and its Regulation, the Electoral Law, the Advertising Code, with particular reference to advertising of food for children and young people, Advertising and Food Supplements, Regulation of the National Medicinal Product Advertising Council, in addition to the follow-up of legislative proposals in different areas.

The different Public Consultations on new directives were responded to, both directly to the European Commission, and to the ERC and ANACOM, when conducted by these Regulatory Entities.

Participation in the preparation of the IVR Self-regulation Agreement with the ERC. The Deliberations, Protocols and Studies produced by this entity were also monitored.

IMPRESA participated in the discussion of all these topics, both directly and indirectly through the organisations, entities and institutions to which it is linked, within its interests.

b) **In different bodies:**

ANACOM (National Communications Authority):

- The intention of the Government in transferring to DTT, in free-to-air, RTP 3 and RTP Memória, which occurred on 1 December, was a very politically contentious issue and there was a strong reaction from private television operators to the invasion by another two public television channels of an already scarce market.
  In addition to this battle of interests for the defence of rights considered acquired and respected, it was necessary to accompany ANACOM's draft decision relative to the expiry of the obligations imposed on MEO in the context of television broadcasting through analogue terrestrial networks.
  On this occasion, SIC submitted comments on the draft decision, referring to the absolute need to impose a price control obligation, as it had defended in its comments relative to the draft decision regarding the in-depth investigation of the costs and income of the DTT service.

- When ANACOM approved, on September 22nd, the draft decision on the change in the conditions associated to the right of use of frequencies granted to MEO for the digital terrestrial television (DTT) - Multiplexer A (MUX A) broadcasting service, SIC, in a written contribution dated October 21th, expressed its misunderstanding regarding the changes to DUF that are contrary to its legal expectations regarding HD broadcasting.
  The understanding regarding the new prices to be practised, in the situation of an additional two channels in MUX A, was only concluded, be it only provisionally, in the following year.

APCT – Associação Portuguesa para o Controlo de Tiragem e Circulação (Portuguese Association for Edition and Circulation Control):

- Following the collection and analysis of the contribution of the main editors, it concluded the final draft of the Complementary Regulation for Digital Editions.

- Maintained tight control of paper copies in circulation and reinforced the attention given to the development of digital editions on multiple platforms and the new business initiatives developed therein, seeking to establish secure ways to confirm the data supplied by publishers.

- Developed new features in the software supporting the bimonthly Bulletins, in order to include information from the digital editions.

- Continued the contacts with counterpart foreign entities regarding data collection and exchange of experiences, in order to stay up-to-date relative to the new forms of content circulation control in the digital area.

CCPJ (Professional Journalist Certification Commission)

- Submitted an explanatory statement to the new Minister in charge on the various attempts at making amendments to the Journalist Statute, Regulation of the Professional License and Professional Internships, as well as the amendment to the Classification of press publications and other measures in the digital context.

- It gave particular attention to the abuses detected within the scope of the curricular and professional internships.

- Continued to control the editorial data of the press areas, in order to notify those exercising the profession without a professional license, as well as companies employing these persons without professional qualifications.

- Continued the overhaul of the IT system and the development of the new database and respective software, which allows journalists to renew their license, vote and deal with other documentation via their computer.

- Spoke out publicly whenever the debate of certain issues required an interpretation of the Journalist Statute or of the Regulation of the Professional License.

COTEC - Associação Empresarial para a Inovação (Business Association for Innovation)

There were several COTEC initiatives in which the representation of Impresa collaborated and/or participated in:

- COTEC Innovation Product Award/2016, of whose selection panel the Chairman of Impresa is a member. It was an award in which a high percentage of small and medium-sized enterprises participated, some of which are considered Start-ups.

- FAZ Award – Innovative Entrepreneurship in the Portuguese Diaspora.

- Conference on Good Technology-based Entrepreneurship Practices - bridge between knowledge and technology.

- Conference on the Power of Digital Transformation.

MAPINET (Civic Internet Anti-piracy Movement)

- Resulting from the efficient articulation between Mapinet and IGAC, 2016 registered a significant increase in requests for the removal of links, having reached a total of 18,494,335, distributed among Films, Series, Streaming, Software, Books, Magazines, Newspapers, Playstation (1, 2, 3), Wii, Nintendo, PC, XBox, Music and others.

  Although the fight against piracy continues to be asymmetric, since there are no totally effective measures, 165,421 links distributed by the aforementioned media formats were nonetheless able to be successfully removed.

- Regarding websites, a total of 504 were blocked, and with regards to the press, a total of 494,650 and 697 magazine and newspaper works, respectively, were blocked.

- Although the numbers achieved are still a long way from what is required, Portugal was once again considered a European success case in the fight against piracy.

- In the same vein, the Motion Picture Association of America (MPAA), between September 2015 and February 2016, conducted a study in Portugal to assess the effectiveness of blocking websites and concluded that “the number of users of the main websites subject to a blocking order registered a decline of 73.5%, against 16.9% at a global level”.

OBERCOM (Communication Observatory)

Continued its activities linked to research and collection of statistical information in the communication and media area, within the scope of which it published, in addition to the usual Yearbook and Communication Barometer, Reports of interest to the main Media Groups and other current themes, namely:

- **The Press in Portugal**
  Performances and management indicators: consumption, demand and distribution

- **Television in Portugal**
  Analysis of the audiences and competitive dynamics of the Portuguese television market between 1999 and 2015

- **IMPRESA**
  Media and Innovation 2016
  News Consumption Dynamics

- **Terrestrial Digital Television in Portugal**
  Future and Challenges

- **Journalism and News Agencies**
  The challenge of the social networks

- **Socio-demographic profile of news consumption in Portugal**

- **News, Fake News and Online Participation**
  Analysis of the influence of the Internet and Social Networks with reference to news content, factual retention and civic and collective mobilisation

- **The challenges of adblocking**

In addition, it maintained the regular publication of the Magazine (five issues) where 55 articles were published on issues of interest to the Media industry, written by national and foreign specialists.

PMP (Private Media Platform)

During 2016, PMP developed its activity in the following main areas:

- Representation of the collective interests of the Platform in government authorities and official bodies.
- Management of the Nónio Project (unified system for collecting and qualifying digital audiences).
- Response to the public consultations on the new directives of the Audiovisual and Digital Media Services (European Commission and ERC).
- Participation in workgroups on priority topics, as are the cases, among others, of Copyright and Related Rights, or of equality of treatment in cable channels.
- Accompaniment of the IVR self-regulation agreement and interaction with the ERC.
- Holding of work meetings within the scope of the new legislation on Private Copy.
- Participation in Conferences on the theme of the Media in the Digital Era.
- Preparation of a project concerning the measurement of multimedia audiences.

VISAPRESS (Contents Management Cooperative)

- The lawsuit filed by VISAPRESS at the Intellectual Property Court against the companies Cision, Manchete and Clipping Consultores, due to having injured the interests of the cooperative members by illegally using their contents, continues pending the scheduling of a hearing.
- In compliance with the Activities Plan, the following actions were developed:
  - Dispatch of a letter to about 350 organisations, whose activity promotes the use of clipping services, informing them that they need to request the corresponding license from VISAPRESS. The organisations to which the letters have been sent are mainly in the banking and pharmaceutical areas.
  - Dispatch of more than one hundred e-mails to organisations that offer on their Internet pages, some form of clipping, informing them that they must request the corresponding license from VISAPRESS.

- ü Holding of 35 meetings with various organisations aimed at clarifying and informing about our market positioning and the importance of copyright and its remuneration.
- ü Conclusion of a bilateral representation agreement with the British counterpart NLA media access, which allows us to represent about 5,369 publications of the United Kingdom in Portugal.
- ü Organisation of the first conference of VISAPRESS at Palácio Foz, dedicated to the theme “The Protection of Copyright in the Distribution of Media Content”, which involved the participation of a high number of people.
- ü Participation in various meetings with Parliamentary Groups and Commissions in Parliament regarding the proposals of PCP and BE concerning changes to copyright protection.

- In addition to the renewal of existing licenses and issuance of others, contracts were concluded with the following entities: Agroportal, CCA – Ontier, Santa Casa de Misericórdia de Lisboa and CGTP Intersindical.

POSTGRADUATION COURSE IN MULTI-PLATFORM JOURNALISM

In partnership with the Faculty of Social and Human Sciences of Universidade Nova de Lisboa, and with the collaboration of Rádio Renascença, yet another course was promoted, the fifth, with theoretical classes and the respective professional internships in different production areas. It was another success, similarly to previous courses. Some of the subject areas to be taught were updated and invitations to new Teachers were also sent out.
At the end of the course, a total number of 103 students was reached over five years. Students obtained good grades, with many of them having found employment.

AMD – ASSOCIAÇÃO DE MARKETING DIRETO (DIRECT MARKETING ASSOCIATION)

In addition to participating with other Associations in the discussion of Laws, Regulations and joint initiatives, it also developed the following activities:

- **CNPD** – National Data Protection Committee :

- Frequent contacts over the year related to the major themes of data protection. Over the course of 2016, priority was given to the Policy of "Cookies" and to the approval and future implementation of the new European Data Protection Regulation.

- **DGC** – Directorate General for the Consumer
  - Management of the official Robinson list, through a cooperation protocol
  - Support to initiatives related to our sphere of influence and distribution to Associates of communications/recommendations.
- **AR** – Assembly of the Republic/Parliament
  - 12th Commission – Culture, Communication, Youth and Sport

    Participation in meetings and accompaniment of the draft laws of PCP and BE, relative to the Sharing of Computer Data, aimed at amending the Private Copy Law.
- **Bank of Portugal**
  - Accompaniment of the Associates in the contacts with the Bank of Portugal on all SEPA issues and respective implementation.
- **CTT** – Correios de Portugal
  - Effective participation in the AMD/CTT Monitoring Committee, intervening whenever amendments that may affect the interests of the Associates are proposed.

c) <u>Other actions</u>:

- Participation in the discussion on the Advertising Code in the 6th Parliamentary Committee, regarding advertising of high calorie foods and beverages, addressed at children and young people;
- Participation in meetings of the National Consumer Council;
- Participation in the Ministries, Advisory Boards of the Regulators ERC and ANACOM;
- Contacts with Ministries, Parties and Parliamentary Groups on legislative initiatives in the Media area;

ü Meetings with various entities for setting the framework and applying to Portugal 2020, Horizon 2020 and other funds.

6. ATTENDANCE OF VIEWERS

In 2016, 42,549 contacts were received, a figure that is very similar to that of the previous year (variation of 1%). The preferred medium for viewers continues to be e-mail (23,707 messages, 56% of the total). When channels are compared, the SIC generalist channel represented 92% of contacts.

7. STUDY VISITS

In 2016, 30 visits were made and 716 visitors were received (an average of 24 people per visit). Of these 30 visits, the majority came from elementary, preparatory and secondary schools, with an average age of between 4 and 18 years. Visits to universities of companies are occasionally undertaken. Visit requests come from the north to the south of the country, with a higher incidence in the districts of Lisbon and Setúbal.

8. INVESTOR RELATIONS

Regarding relations with the different Stakeholders, the Investor Relations Department of IMPRESA maintained regular contacts with a vast number of shareholders, potential investors and analysts, so as to ensure institutional and informative relations.

During 2016, it was necessary to maintain a constant flow of communication with investors and financial analysts, in Portugal and abroad, especially following the exit of IMPRESA shares from the PSI-20 index, at the start of 2016.

During 2016, the Investor Relations Department of IMPRESA carried out the following initiatives:

- 3 Roadshows covering Lisbon, Paris and London, and holding 27 meetings with investors;
- Attendance at a conference related to investments in the Portuguese Stock Exchange, holding 11 meetings with investors;

- Meetings, at IMPRESA, with 11 investors and analysts;
- 4 telephone conferences related to the publication of quarterly results;
- 1 public presentation, with reference to the 2015 annual results.

B. INTERNAL LEVEL

1. TRAINING

In 2016, the IMPRESA Group continued to reconcile the fulfilment of its strategic objectives with the expectations and individual development of its employees, in order to maintain and improve a necessary climate of satisfaction and motivation.

To that end, IMPRESA seeks to enable and encourage its employees to develop their skills, not only through the possibility of attending training actions, but also through the sharing of knowledge and experiences.

New challenges arise every day, challenges representative of the reality of the market in which Impresa operates. The best response to these challenges is to focus on the training of its assets, in order to enhance flexibility, adaptation and foresight.

The table below presents the most important data of 2016 and respective comparison with 2015:

Area	Number of actions			Employees covered			Training hours		
	2015	2016	Variation	2015	2016	Variation	2015	2016	Variation
Publishing	68	52	-23,5%	284	235	-17,3%	3129	2857	-8,7%
Television	87	51	-41,4%	347	442	27,4%	4721	3319	-29,7%
New Business	13	10	-23,1%	36	20	-44,4%	846	483	-42,9%
Transversal	58	25	-56,9%	52	58	11,5%	1366	995	-27,2%
Total Impresa Group	**226**	**138**	**-39%**	**719**	**755**	5%	**10061**	**7653**	**-24%**

Examples of such actions are listed below:

- Training in the digital area in the commercial, marketing, behavioural and editorial spheres, through *Social Media, Business Development Amplified, Twitter and Journalism, Google Analytics (E-Commerce), Linkedin Partner Conference and Micro Facial Expressions* actions.

- Internal training on *Digital Media, Study of Impresa Environment, Data Journalism, Production for the digital area, Invenio, Teradecks, Timeshift, Means of International Broadcasting and Distribution, Difficulties of the Portuguese Language.*
- Webinars on *Social Media and Analytics, Visual Storytelling 1101 and Mobile Journalism: Masterclass in Video Reporting.*
- E-learning actions on *Prince 2 Foundation, Advanced Photoshop and Phyton.*
- Executive training: *Leader Hero, Leading Brands - Branding, Brand Management and Digital Marketing Programme, Business Management Programme.*

2. PERFORMANCE MANAGEMENT

In June, the first assessment period - interim assessment - was maintained, which involves the appraiser summing up the current performance status of each person on his team and reflect on the achievement of objectives. This procedure is based on a simplified formal questionnaire, available on the employee portal – the iPortal.
At the time of the annual assessment, the Self-Assessment, Manager Assessment and Overall Manager Assessment were maintained.

3. INTERNAL INITIATIVES

In 2016, IMPRESA maintained its objective of working towards greater motivation and dedication of employees, having organised various internal initiatives. Examples of such initiatives are listed below:

- Continuity of the attribution of Crèche Cheques, enabling the payment of day nurseries and early childhood centres to people with one or more children, or equivalent, aged less than 7 years old, and a total monthly remuneration equal to or below a specific value.
- Organisation of another edition of the Visão Junior/SIC K workshops - children's workshops for the children of the employees -, free of charge and with specific activities according to the age of the participants;

- Regular pastimes with the offer of invites to shows (theatre, concerts, conferences, etc.);
- Offer of Rock in Rio tickets to all employees;
- Provision of parking spaces in Carnaxide exclusively for pregnant employees;
- Attribution of flexible time schemes to workers with family responsibilities;
- Distribution of Christmas presents to all the employees and their children aged up to 12 years old;
- Vaccination campaign against the flu;
- Partnership with the Portuguese Blood and Transplant Institute (IPST), for blood collection;
- Holding of exclusive concerts for employees, at the Impresa premises (Fábia Rebordão and Gisela João);
- Internal questionnaire on safety, hygiene and health in the workplace;
- Regular organisation of initiatives for sampling, product distribution or sale under advantageous conditions, at the Carnaxide, Paço de Arcos and Matosinhos premises;
- Dissemination and sale of books at a discount, through the SIC Book Club.

In addition to the initiatives referred to above, the IMPRESA Group continues to offer its employees access to products and services at a discount, through the establishment of protocols with service providers in areas such as banking, communications, children's services, beauty care, gyms, leisure, health, insurance and vehicles.

4. RISK MANAGEMENT

Self-protection measures

- In 2016, the safety plans and self-protection measures were reviewed, having been adapted to the latest ANPC indications. To this end, the "Self-protection" measures of the premises of SIC 119 were prepared, sent and approved by the ANPC.
- In addition, the process of preparation of the "Self-protection Measures" for the IMPRESA premises in Paço de Arcos, taking into account the expansion project, was initiated. The safety project of the new premises was sent and approved by the

ANPC. The "Self-protection measures" should be ready and sent to the ANPC until the end of 2017.

- The "Internal Safety Plans" continued to be developed, according to the recommendations of the ANPC, for the Parque Holanda (PH) and Matosinhos premises.

- The Safety Delegates were appointed and trained, together with the Department of Human Resources, for the premises of Paço de Arcos, Carnaxide, Parque Holanda and Matosinhos, and given their respective identifying material and procedural manual.

- The level of "weak risk" was maintained at the premises of Paço de Arcos and Matosinhos. A situation of "average risk" is maintained at the premises of SIC 119. At the premises of SIC - PH, following the fire that took place in the kitchens, where all the safety procedures were carried out successfully, it was possible to lower the level of risk to "average risk".

Risks relative to premises and infrastructures

- The "risk factors", within the context of the ongoing (24/7) process of transformation of the Paço de Arcos building, were followed and controlled. Warnings were issued on the risks incurred and alterations suggested for the investment processes and the engineering projects for the new areas to be amplified.

- Regarding the technical infrastructures, the recommendations were respected and the necessary investments authorised and made, with the capacity of supply of electrical energy, air conditioning and safety necessary for continuous 24/7 operation having been increased.

- Regular tests were conducted to control internal air quality at the different premises.

- At the premises of Matosinhos, the maintenance contract for the building and infrastructures made it possible to reduce the risks of stoppage due to lack of energy or air conditioning.

- "Weak risk" level in all the premises of the Group.

Risk of interruption in communications

External accesses

Secure fibre connections

The "weak risk" level was maintained.

Inter-building communication

Secure fibre connections

The "weak risk" level was maintained.

Distribution of television signals

Dual fibre paths, redundancy in codification ensured by the operator-clients.

Broadcasting of channels via Paço de Arcos without any problems.

The "weak risk" level was maintained.

Mail system

Mail system secured by the 360 service of Microsoft.

<u>Risks in the production, printing of newspapers and magazines</u>

- A review, as per usual, was also conducted of the alternative plans for printing the Group's newspapers and magazines, in the event of a breakdown or financial collapse causing unforeseen and prolonged operational stoppage at the printers where they are usually produced.

- Ink and paper stocks are also in place, to assure the continuity of printing, in the case of unforeseen interruption in the supply of these materials, purchased from abroad. The "weak risk" level was maintained.

- With regards to the editing and photography systems, the "weak risk" level was maintained.

<u>Risk of interruption of broadcast of SIC television channels</u>

- Regarding SIC channel broadcasts, several emergency alternatives are foreseen to ensure their continuity, in the case of interruption due to the malfunction of various systems. The persons in charge of the Information Services, Continuity, IT and Technical Support are prepared and equipped with the necessary means to act, in emergency situations.

- In 2016, the operation of the "continuity of broadcasting", DAM equipment, at the premises of Paço de Arcos, was consolidated, ensuring an active backup to the broadcasts and reducing the risk of prolonged interruptions.

- "Weak risk" level.

Inappropriate use of sensitive customer data

- The responsibility policy of the IMPRESA Group of respecting the legal obligations and the recommendations of the CNPD was maintained.
- Systematic control that usage policies, cookies and guarantees of confidentiality are explicit and properly transmitted to clients.
- The "weak risk" level was maintained.

Preservation of heritage - paper and digital contents

- The responsibility policy of the IMPRESA Group was maintained, which consists in preserving the contents produced for the paper, TV and digital support editions.
- The content digitisation, indexing and preservation plans were met.
- The "weak risk" level in the loss of contents produced by IMPRESA was maintained.

Insurance

- The policies that ensure that IMPRESA has the financial means to deal with emergency situations, arising as a result of disasters or dramatic events beyond its control, have been maintained.
- The "weak risk" level relative to existing coverage was maintained.

5. DEFENSE OF THE ENVIRONMENT

- During 2016, the implementation of the policies of reducing consumables continued, mainly concerning paper, energy and water and waste treatment and recovery.
- Satisfactory results were achieved in the defence of the environment, due to the development of IT systems and the taking of decisions, in particular the following:
    - Continued digitisation of corporate information, both through the Intranet and other electronic formats; reduction of the number of cassettes used in television production and archiving; in some lines of production the use of cassettes or discs was eliminated;

- Continued reduction of the use of printers, all equipped with digitisation systems.
- Control of the use of fluorinated gases.

- The "zero carbon" environmental certification in the Boa Cama Boa Mesa event, organised by IMPRESA, was obtained.

Control of drinking water consumption

- Continuation of the placement of regulators or automatic taps in bathrooms.
- Regular verification, included in the maintenance plan, of water leakages in all existing water flushing apparatus.
- At the premises of Paço de Arcos, exclusive use of the water from the well for irrigation.

Control of electrical energy consumption

- Detailed examination of electrical energy consumption and immediate decisions to reduce consumption;

- The following actions were continued:
  - ü Control of the number of lamps switched on in public areas and open spaces;
  - ü Continuation of the Installation of light switches in meeting rooms and offices;
  - ü Management of automatic lighting hours;
  - ü Control of minimum and maximum temperatures in the air conditioning systems;
  - ü Reduction of the number of hours of air conditioning;
  - ü Use of rechargeable batteries in publishing;
  - ü Replacement of incandescent lamps by low consumption lighting;
  - ü Awareness raising amongst programme producers and lighting staff on the need to cut lighting consumption.

Control of consumption relative to the publication of newspapers and magazines

- Purchase of 100% of the paper for printing from environmentally certified paper companies;

- Continued reduction of the number of copies of newspapers and magazines bought from other publishers and their replacement by purchase of subscriptions in digital format whenever possible.
- Recovery of plastic packaging waste by Ponto Verde.

6. PROFESSIONAL ETHICS

In addition to compliance with the legislation (Press Law, Television Law, Journalist Statute, Code of Ethics, etc.), the large areas of the Group - SIC, Expresso and Visão - have their own Codes of Journalist Conduct, which all the other publications endorse and adapt to their specific characteristics.

These Codes of Conduct cannot be confused with Style Books or mere Spelling Rules; they are the result of in-depth discussions and thus extend beyond the main ethical, deontological and legal norms applied to the exercise of the profession.

Objectivity and rigour, preservation of privacy, repudiation of censorship, respect for the dignity of people, protection of sources, and avoidance of images of children and young people in extreme situations and all the other principles of the Deontological Code and of the Journalist Statute are part of the training of candidates that will work in the Editorial Teams of the Group.

And because the accelerated development of new technologies generates an abundance of websites, blogs, social networks and multi-platforms of communication, it is necessary to promote lectures and training courses that help to find formats and language that adapt to the new dynamics of information consumption.

That was how, in 2016, among many other training actions, a more in-depth analysis was undertaken of themes such as:

- Social Media
- Digital Media
- Data Journalism
- Twitter and Journalism
- Mobile Journalism: Masterclass in Video Reporting.

In the middle of the post-truth era, where, through social networks and content aggregators - whose algorithms despise editorial criteria, transforming into "truth" a lie shared a million times - the existence of media professionals, governed by deontological principles, is increasingly necessary.

Lisbon, March 2nd 2017

The Board of Directors

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