

IMPRESA

Annual Report 2018

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SINGLE MANAGEMENT REPORT 2018

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 2018. 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 GROUP IMPRESA, 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

The accounts of 2018 are compared, up to EBITDA, with the proforma accounts of 2017. These were prepared by excluding the income and expenses that are estimated to be attributable to the portfolio of magazines sold in 2018 (see chapter 4 below) and consider the impact of IFRS 15 and of IFRS 9, as if these had been applied in 2017.

- In 2018, IMPRESA returned to a positive net profit, having reached 3.1 M€, representing a strong improvement relative to the losses of 2017.
- Consolidated EBITDA came to 18.1 M€, representing a gain of 21.0% in relation to the proforma accounts of 2017.
- It is worth highlighting the good performance of SIC in operating terms, having reached an adjusted EBITDA of 21.3 M€, which represents an increase of 9.6% in relation to the proforma accounts of 2017.
- The total revenues of the IMPRESA Group reached 172.2 M€ in 2018, corresponding to a decrease of 2.2%, and compensated lower operating costs in 4,4%, relative to the proforma accounts of 2017.



- Net remunerated debt reached 179.2 M€ at the end of 2018, representing a year-on-year increase of 0,4% (0.8 M€), due to financing of IMPRESA building expansion project and investment in the new studios.
- SIC ended 2018 with an average share of 17.0%, maintaining its leadership in both commercial targets (A/B CD 15/54 and A/B CD 25/54) during prime time, with a share of 19.8% and 20.4%, respectively.
- At the end of summer 2018, SIC announced the hiring of Cristina Ferreira. “Programa da Cristina” debuted on 7 January, immediately recovering the leadership position in the mornings. In January 2019, SIC reached an audience share of 19.0%, having returned to its leadership position on weekdays, which it had last occupied in March 2015.
- The recovery of SIC's audiences began in October 2018, with the debut of the new programme "Julia", on weekday afternoons, and the entertainment show “Casados à Primeira Vista”, which immediately soared to the leadership position on Sunday nights, and the access to prime time, from Monday to Friday.
- In 2018, SIC Mulher reached a record audience, with a share of 1.0%. SIC Notícias once again stood out as the leading information channel, with a share of 1.9%, and among the subscription channels it reached a market share of 3.8%, identical to what was registered in 2017.
- SIC concluded a distribution agreement with Comcast, expanding the coverage of SIC International to the entire territory of the USA.
- At the end of 2018, IMPRESA launched the initiative SIC Ventures, with a view to diversifying its sources of revenue. Through SIC Ventures, SIC aims to, in exchange for advertising space, acquire minority stakes in start-ups. The first initiative was the acquisition of the site Volante SIC, and Zaask was the second start-up to be selected.
- EXPRESSO continued to be the best-selling newspaper in Portugal, with an average of more than 86 thousand copies sold, according to data from the APCT with reference to 2018.
- EXPRESSO is also the leading Portuguese publication in paid digital circulation, having sold on average more than 25 thousand copies per edition in 2018.
- In the beginning of 2019, Expresso has changed its traditional plastic bag, for a paper bag, more environment friendly, thus reinforcing its sustainability.



Table 1. Main Indicators (Values in €)	Pro-forma (a)				
	Dec/18	Dec/17	var %	Dec/17	ch %
Total Revenues	172 162 757	176 060 868	-2,2%	201 821 209	-14,7%
Television	145 309 942	150 200 875	-3,3%	153 704 664	-5,5%
Publishing	24 273 158	23 664 091	2,6%	46 170 642	-47,4%
InfoPortugal & Others	2 135 721	2 319 889	-7,9%	2 319 889	-7,9%
Intersegments	443 936	-123 987	n.a.	-373 986	n.a.
Operating Costs	154 052 740	161 093 598	-4,4%	188 005 778	-18,1%
EBITDA	18 110 017	14 967 269	21,0%	13 815 431	31,1%
EBITDA Margin	10,5%	8,5%		6,8%	
EBITDA Television	20 001 532	17 899 068	11,7%	17 617 403	13,5%
EBITDA Publishing	1 188 370	-105 541	n.a.	-975 714	n.a.
EBITDA Infoportugal & Others	-3 079 885	-2 826 258	9,0%	-2 826 258	9,0%
EBITDA (2) (w/restructuring)	20 192 046	18 909 524	6,8%	19 176 794	5,3%
Net Profit	3 139 284	-	n.a.	-21 654 037	n.a.
Net Debt & Leasings (M€)	179,2	178,4	0,4%	178,4	0,4%

Note: EBITDA = Operating Results + Amortisations and Depreciation + Provisions + Impairment in non-current assets. Net Debt = Loans (ST+MLT) - Cash and Cash Equivalents + Financial Leases. (1) Does not consider Amortisations and Depreciation, Provisions and Impairment Losses in non-current assets. (2) EBITDA adjusted for restructuring costs, with 2,1 M€ in 2018. (a) The proforma accounts of December 2017 were prepared by excluding the revenue and expenses that are estimated to be attributable to the portfolio of magazines sold in 2018 and consider the impact of the adoption of IFRS 15 and IFRS 9, as if these had been applied in 2017.



2. Analysis of the Consolidated Accounts

As of January 2018, IFRS 15 was adopted, with reference to the recording of income from contracts with customers. The application of this standard led to a decline in operating income and expenses, by the same amount, for IMPRESA, having had no impact in terms of cash flow. Furthermore, as of 1 January 2018, IFRS 9 was adopted, which had a residual effect on the operating results of 2017, presented for comparative purposes.

In January 2018, the portfolio of magazines was sold to TiN for the agreed amount of 10.2 M€, whose accounting impact was still recorded in the annual accounts of 2017. The proforma consolidated accounts relative to 2017 also reflect this change, up to the operating results item.

The sale is part of the execution of the Strategic Plan for the 2017-2019 period, and the repositioning of IMPRESA's activities to focus principally on audiovisual and digital components.

At the end of 2018, IMPRESA achieved consolidated revenues of 172.2 M€, which represented a 2.2% decline in turnover in relation to the proforma accounts of 2017, with all revenues having fallen in 2018, in consolidated terms, with exception of advertising.

Table 2. Total Revenues (Values in €)	Pro-forma (a)				
	Dec/18	Dec/17	var %	Dec/17	ch %
Total Revenues	172 162 757	176 060 868	-2,2%	201 821 209	-14,7%
Advertising	111 929 215	111 582 074	0,3%	119 275 588	-6,2%
Channel Subscriptions	36 857 597	39 287 723	-6,2%	43 129 491	-14,5%
Circulation	9 326 920	9 603 328	-2,9%	22 910 919	-59,3%
Others	14 049 026	15 587 743	-9,9%	16 505 212	-14,9%

In relation to the proforma accounts of 2017, operating costs at the end of 2018, without considering amortisation, depreciation and impairment losses in non-current assets, fell 4.4%. This positive result came about due to a decrease in programming costs, less IVR activity, as well as lower restructuring costs during 2018.

At the end of 2018, the consolidated EBITDA came to 18.1 M€, a gain of 21.0% in relation to the proforma accounts in the same period of the previous year, with an improvement being recorded in all areas. EBITDA adjusted for restructuring costs came to 20.2 M€, a gain of 6.8% relative to the adjusted proforma accounts in the same period of the previous year.

The volume of amortisations fell 3.6% in 2018, still not reflecting the investment undertaken in the expansion of the IMPRESA building and new studios.

In 2018, the investment in the expansion of the IMPRESA building continued, with the construction of television studios, which will enable the Publishing and Television activities to be brought together in the same building, thus benefiting from inherent synergies and lower operating costs. At the same time, with the construction of the new studios, the entire technological infrastructure of television was renewed. This project was launched in 2016

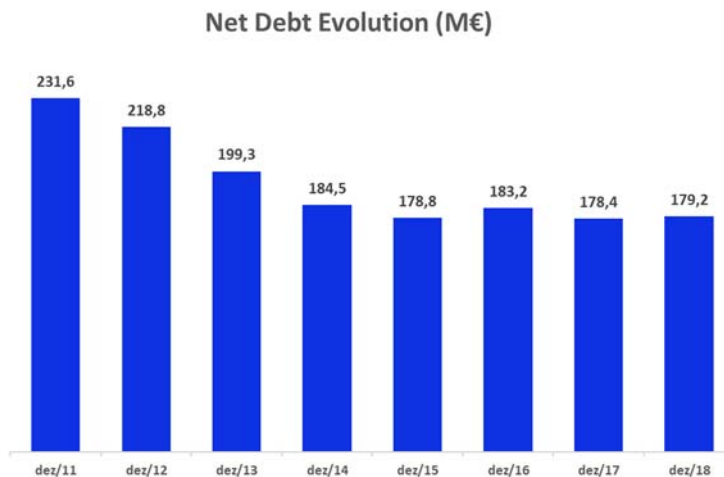


and was concluded at the end of January 2019. On January 27 th, 2019, all SIC channels started to broadcast from the new studios, in the IMPRESA building, in Paço de Arcos.

In June 2018, IMPRESA carried out a financing transaction supported by the IMPRESA building, in Paço de Arcos, involving a 10-year period, in which the amount involved in the operation came to 24.2 M€. In November 2018, IMPRESA reimbursed the outstanding bond loan of 30 M€.

In relation to the financial results, the downward trend seen over the last few years was maintained, with an improvement relative to the previous year. Negative financial results of 5.5 M€ were recorded, which represents a reduction of 18.4% when compared to 2017. Improvements across all lines of activity were registered, namely:

- Financial costs - in spite of the maintenance of the level of debt - fell 10.9%, driven by the fall of the average interest rate over the course of 2018.
- Exchange rate gains were recorded in 2018, in contrast to the losses registered in 2017, an improvement which represented about 0.5 M€.
- Improvement in the results of associated companies, namely VASP, which returned to a positive net income in 2018, and which also includes a positive contribution from LUSA.



In terms of the statement of financial position, net debt including financial leases stood at 179.2 M€ at the end of 2018, i.e. a slight year-on-year increase of 0.8 M€ compared to December 2017. This increase was due to the financing of the project involving the expansion of the IMPRESA building, and to the new studios, having partly benefited from the cash inflow arising from the sale of the magazine portfolio

in 2018. The proceeds of the sale will be received by June 2020.

In the end of 2018, IMPRESA, in consolidated balance sheet, will have 31.6% of financial autonomy ratio.

After a negative net income of 21.6 M€ in 2017, which was particularly affected by the recording of impairments and high restructuring costs, net income in 2018 was positive, having reached 3.1 M€.



Table 3. Profit & Loss						
(Values in €)	Dec/18	Dec/17	var %	Dec/17	ch %	
Total Revenues	172 313 302	176 060 868	-2,1%	201 821 209	-14,6%	
Television	145 460 364	150 200 875	-3,2%	153 704 664	-5,4%	
Publishing	24 273 158	23 664 091	2,6%	46 170 642	-47,4%	
InfoPortugal	2 135 721	2 319 889	-7,9%	2 319 889	-7,9%	
Intersegments & Outras	444 059	-123 987	n.a.	-373 986	n.a.	
Operating Costs (1)	154 312 362	161 093 598	-4,2%	188 005 778	-17,9%	
Total EBITDA	18 000 940	14 967 269	20,3%	13 815 431	30,3%	
EBITDA margin	10,4%	8,5%		6,8%		
Television	20 001 954	17 899 068	11,7%	17 617 403	13,5%	
Publishing	1 078 746	-105 541	n.a.	-975 714	n.a.	
Infoportugal & Others	-3 079 760	-2 826 258	9,0%	-2 826 258	9,0%	
Total EBITDA (w/ reest) (2)	20 182 969	18 909 524	6,7%	19 176 794	5,2%	
EBITDA margin	11,7%	10,7%	0,0%	9,5%		
Depreciation	3 521 332	3 651 544	-3,6%	3 651 544	-3,6%	
EBIT	14 479 608	11 315 725	28,0%	10 163 886	42,5%	
EBIT Margin	8,4%	6,4%		5,0%		
Financial Results (-)	5 489 985	6 729 500	-18,4%	6 729 500	-18,4%	
Res. bef. Taxes & Minorities	8 989 623	4 586 225	96,0%	3 434 386	161,8%	
Provisions	2 669 030	386 625	590,3%	-	n.a.	
Taxes (IRC)(-)	3 179 660	1 889 101	68,3%	1 888 804	68,3%	
Net Profits (w/impairments)	3 140 933	2 310 499	35,9%	1 545 582	103,2%	
Impairments (4)	-	23 199 619	n.a.	23 199 619	n.a.	
Net Profit	3 140 933	-20 889 120	n.a.	-21 654 037	n.a.	

Note: EBITDA = Operating Results + Amortisations and Depreciation + Provisions + Impairment in non-current assets. (1) Does not consider Amortisations and Depreciation, Provisions and Impairment Losses in non-current assets. (2) EBITDA adjusted for restructuring costs. In 2018, a total of 2.1 M€ in compensations was recorded, while in 2017 the value came to 3.9 M€, in terms of proforma accounts. (a) The proforma accounts of December 2017 were prepared by excluding the revenue and expenses that are estimated to be attributable to the portfolio of magazines sold in 2018 and consider the impact of the adoption of IFRS 15 and IFRS 9, as if these had been applied in 2017.

At the end of 2018, IMPRESA launched the initiative SIC Ventures, with a view to diversifying its sources of revenue. Through SIC Ventures, SIC aims to, in exchange for advertising space, acquire minority stakes in start-ups. Following through this initiative, IMPRESA, at the end of 2018, acquire the car web site kbb.pt, in a media-for-equity deal worth 0.36 M€, which has been denominated Volante SIC. Zaask was the second start-up to be selected, with the acquisition of a stake in the company planned for the start of 2019.



3. Television - SIC

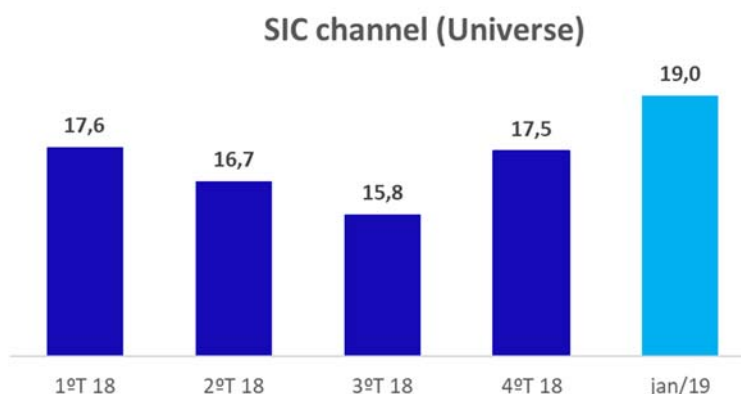
	Table 4. Television Indicators		Pro-forma (a)		
	Dec/18	Dec/17	var %	Dec/17	ch %
Total Revenues	145 309 942	150 200 875	-3,3%	153 704 664	-5,5%
Advertising	97 448 776	98 167 745	-0,7%	98 167 745	-0,7%
Channel Subscriptions	36 857 597	39 287 723	-6,2%	43 129 491	-14,5%
Multimedia	6 474 786	8 412 580	-23,0%	8 074 602	-19,8%
Others	4 528 783	4 332 827	4,5%	4 332 827	4,5%
Operating Costs (1)	125 308 410	132 301 806	-5,3%	136 087 261	-7,9%
EBITDA	20 001 532	17 899 068	11,7%	17 617 403	13,5%
EBITDA (%)	13,8%	11,9%		11,5%	
EBITDA adjusted (2)	21 333 480	19 467 185	9,6%	19 185 519	11,2%
EBITDA (%)	14,7%	13,0%		12,5%	

Note: EBITDA = Operating Results + Amortisations and Depreciation + Provisions + Impairment Losses in non-current assets. (1) Does not consider Amortisations and Depreciation + Provisions + Impairment Losses in non-current assets. (2) EBITDA adjusted for restructuring costs. SIC incorporated 1.3 M€ of restructuring costs in 2018, and 1.5 M€ in 2017. (a) The proforma accounts of 2017, in the television segment, reflect the impact of the adoption of IFRS 15 and of IFRS 9, as if they had been applied in 2017.

In 2018, SIC achieved total revenues of 145.3 M€, which represented a year-on-year decrease of 3.3%, relative to the proforma accounts of 2017. The proforma accounts reflect the impact of the adoption of IFRS 15, as if it had occurred in 2017, having affected channel subscription revenues.

In 2018, advertising revenues reached 97.5 M€, representing a slight decrease of 0.7% in comparison to 2017. Overall, the television advertising market, which includes channels broadcasting in open signal and subscription channels, rose by 0.4% in 2018. In comparison to 2017, advertising revenues were negatively affected by the celebrations of the 25 years of SIC in 2017, whose sponsorship values were unable to be offset in 2018. However, SIC reinforced its market share during 2018, having reached 45.0% of television advertising investment in Portugal.

The gain in market share of advertising investment was possible due to the good performance of the SIC channels in terms of audiences, particularly in the last quarter of 2018, which permitted recovering from the decreases registered in the 2nd and 3rd quarters of 2018.



SIC ended 2018 with an average share of 17.0%, in comparison with 17.6% in 2017, maintaining its leadership position in both commercial targets (A/B CD 15/54 and A/B CD 25/54) for daytime and prime time, amongst generalist channels, with a share of 16.7% and 17.3%, and 19.8% and 20.4%, respectively.



In January 2019, the debut of "Programa da Cristina" on weekday mornings boosted audiences, with SIC leading audiences in the morning and daytime slots, on weekdays and in the universe, since the debut of the new programming grid on 7 January, having reached a share of 19.0% in January 2019.

The good performance of some programmes, namely the debuts as of September 2018, such as the programme "Casados à Primeira Vista", "Jornal da Noite" and the soap opera "Paixão", as well as the debut in the 2nd quarter of the soap opera "Vidas Opostas", leader in both commercial targets since its debut, contributed to the results of the previous year.



- "Casados à Primeira Vista" which debuted at the start of October, quickly reached the leadership position in access to prime time, on weekdays, having achieved an average audience of 22.9% in the universe. Sunday night specials also registered leadership positions with 26.3%.
- "Alma e Coração", which has replaced the soap opera "Paixão", which ended in September 2017, had an average audience share of 21.7%, a poorer performance than previous soap operas in this time slot.
- "Vidas Opostas", in the second prime time slot, which was launched in May 2018 with an average audience share of 21.7%, or nearly 1.0 million viewers.
- "Julia", with a new programming format for the afternoons, marked the launch of the new programming grid in September 2018. The return of Júlia Pinheiro to this time slot achieved a share of 15.6% in the universe, having contributed to the return of SIC to the leadership position in the afternoon time slot.
- "Terra Nossa" marked the return of César Mourão to SIC, and to the prime time of SIC's evenings, which achieved a share of 21.4% in the universe.
- The last few months of 2018 were marked by another return, the comedy specials "Levante-te e Ri", with an average audience of 29.2%, which were among the most successful contents over the course of 2018.

It is also worth highlighting the good performance of the Brazilian soap "Segundo Sol", in prime time, and of the information programmes, with "Jornal da Noite" achieving an average audience share of 19.1%, leaders in both commercial targets.

SIC's subscription channels reached a market share of 3.8% in 2018, 0.1 pp higher year-on-year, after reaching a record value in the 3rd quarter of 2018, with a global audience of 4.1%, due to the good performance of the SIC Mulher and SIC K channels.

SIC Notícias stood out once again as the information channel most preferred by the Portuguese, with a share of 1.9% in 2018. Regarding the other thematic channels, the following are noteworthy: SIC Mulher, with a share of 1.0% - a record for the channel; the increase of SIC K (to 0.3%); the maintenance of SIC Radical (with 0.4%) and of SIC Caras (0.3%).



Subscription revenues generated by SIC's 8 channels distributed over cable and satellite, in Portugal and abroad, fell 6.2% (relative to the proforma accounts) in 2018 to 36.8 M€. This decrease over the course of the year was essentially due to the devaluation of the US dollar, which in turn penalised foreign contracts, registering a sharper decline in the last few months of the year. This last factor stemmed from the entry into force of new distribution contracts: with NOS, MultiChoice and ZAP.

In 2018, SIC continued to expand its international coverage, having concluded in the 1st half of 2018 a distribution agreement with Comcast, expanding the coverage of SIC Internacional to the entire territory of the USA, reaching states such as California, Texas, Virginia or Pennsylvania. At the same time, there was a reinforcement of the coverage of the presence of SIC Internacional and SIC Notícias in Switzerland. Within the scope of contract renewals, the agreement with Multichoice to distribute the children's channel TXILLO (ex-Dstv Kids) was renewed.



Some instability in Multimedia revenues was registered during 2018, mainly due to the discontinuation of some programmes over the course of 2017 and 2018, namely "A Vida nas Cartas", as of September 2017, and "Juntos à Tarde", as of the start of March 2018. As a result, IVR revenues fell 23.0% to 6.5 M€ in 2018. It should be mentioned that IVR revenues reversed the downward trend seen over the last few quarters, having registered an increase of 6.0% in the 4th quarter of 2018.

The introduction of new IVR numbers, allowing calls to be made at a unit value of 1 euro, contributed to this reversal. These new numbers, which were introduced on some programmes during the last few months of 2018, will be extended to all programmes with IVR in 2019.

Other revenues rose 4.5% to 4.5 M€ in 2018. The rise was due to higher non-recurring income along with growing content sales. The recovery in contents sales, which exceeded 1.1 M€ once again in 2018. The entrance in the Middle East Market was marked by the sale of the soap operas "Amor Maior" and "Rainha das Flores" to MBC, and "Rainha das Flores" to Germany, with the latter in a re-edited format for the international market.

The year of 2018 was also marked by a reduction in the operating costs, excluding amortisations, depreciation and impairment losses in non-current assets, of television. There was a decrease of approximately 7 M€, which represented a decrease of 5.3% in relation to the proforma accounts of 2017. This decrease was due to the fall in programming costs - in spite of the investment in the World Cup games, and less IVR activity. In 2018, restructuring costs were still recorded, which came to 1.3 M€, about 0.25 M€ less than in 2017.

The reduction of costs permitted the expansion of EBITDA, in spite of the fall in total revenues. In 2018, adjusted EBITDA reached 21.3 M€, registering an increase of 9.6% in relation to 2017.

It should be mentioned that, on 27 January 27th, 2019, SIC began broadcasting from the new studios of the IMPRESA building, in Paço de Arcos, thus completing its investment plan in new facilities and studio renewals, enabling all of the IMPRESA Group's activity to be concentrated in only one building, in Lisbon. This reorganisation of the Group will result in operational savings during 2019 and 2020.



4. IMPRESA Publishing

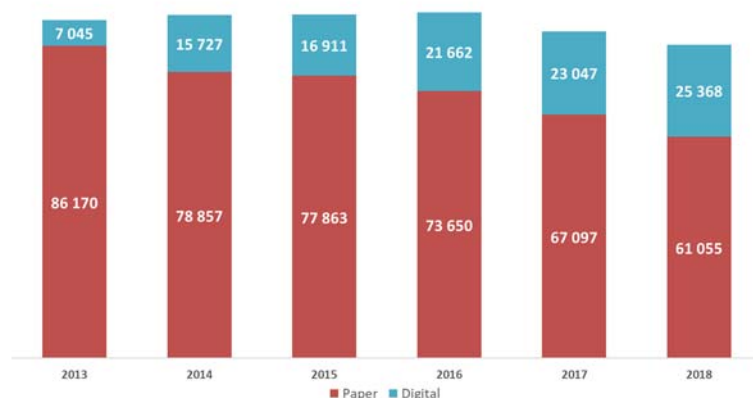
Table 5. Publishing Indicators	Pro-forma (a)				
	Dec/18	Dec/17	var %	Dec/17	ch %
Total Revenues	24 273 158	23 664 091	2,6%	46 170 642	-47,4%
Circulation	9 326 920	9 603 328	-2,9%	22 910 919	-59,3%
Advertising	14 452 584	13 128 178	10,1%	20 821 692	-30,6%
Others	493 655	932 585	-47,1%	2 438 031	-79,8%
Operating Costs (1)	23 084 788	23 769 632	-2,9%	47 146 356	-51,0%
EBITDA	1 188 370	-105 541	n.a	-975 714	n.a
EBITDA (%)	4,9%	-0,4%		-2,1%	
EBITDA adjusted (2)	1 362 188	2 000 587	-31,9%	2 549 523	-46,6%
EBITDA (%)	5,6%	8,5%		5,5%	

Note: EBITDA = Operating Results + Amortisations and Depreciation + Provisions + Impairment Losses in non-current assets. (1) Does not consider Amortisations and Depreciation, Provisions and Impairment Losses in non-current assets. (2) EBITDA adjusted for restructuring costs. In 2018, Publishing incorporated 173.8 thousand euros of restructuring costs, in comparison with 2.1 M€ in 2017 (a) The proforma accounts of 2017 were prepared by excluding the revenue and expenses that are estimated to be attributable to the portfolio of magazines sold in 2018.

The year of 2018 began with the sale of the portfolio of twelve publications and respective brands, such that the Publishing segment now includes the following publications/activities: Expresso, Blitz (which now only has a digital presence, with special paper editions), New Media Solutions (which includes Customer Publishing), Boa Cama Boa Mesa (previously in InfoPortugal) and the commercial management of digital properties not owned by IMPRESA, including, since 2018, the websites Noticias ao Minuto and Zero Zero, in addition to LinkedIn, in Portugal. The operating results presented herein are compared with the proforma accounts relative to 2017.

In 2018, total revenues increased 2.6% relative to the proforma accounts of 2017, to 24.3 M€. This rise was mainly due advertising revenues growth.

Sales EXPRESSO Paper + Digital(no units)



In 2018, circulation revenues fell 2.9% to 9.3 M€, affected by the closure of the paper edition of Blitz magazine, at the end of 2017. In 2018, the paid circulation numbers of the Expresso newspaper fell by about 3.8%, with most of the decline in the number of copies sold being partly offset by the increase in digital sales. Digital sales and subscriptions exceeded 25,500 copies at the end of 2018, having increased about 11% in the previous

year. The increase of the contribution of digital revenues, which in 2018 represented 14.7% of total circulation revenues, is noteworthy. The increase in the cover price of Expresso to 3.80 € during the 2nd quarter of 2018 is also noteworthy.



Advertising revenues reached 14.4 M€ in 2018, which represents an increase of 10.1% when compared to the proforma figures of the same period of 2017. It is important to point out the strong contribution of the digital segment, which increased about 28.6% in 2018, to these good results.



The sales of brand extension products rose with the contribution of the guides Boa Cama Boa Mesa and books of the Expresso collection.

Other revenues reached 0.5 M€, a gain in 2018, impacted by non-recurring events.

The operating costs declined by 2.9%. The end of 2018 was penalised by restructuring costs of about 173 thousand euros, but substantially less than what was recorded in 2017.

Consequently, in accumulated terms in 2018, the combined performance of operating revenues and costs, excluding amortisations, depreciation, provisions and impairment losses in non-current assets, resulted in an EBITDA of 1.2 M€, in comparison with the negative value recorded in 2017. Without restructuring costs, EBITDA reached 1.4 M€, representing a decrease of 31.9% relative to the adjusted EBITDA of the proforma accounts of 2017.





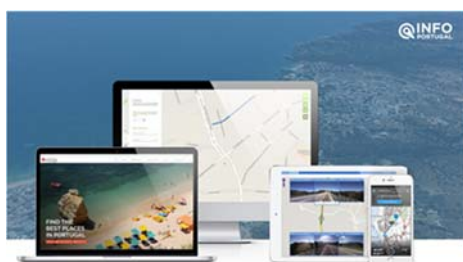
5. IMPRESA Other

	Table 6. IMPRESA Others Indicators		Pro-forma (a)		
	Dec/18	Dec/17	var %	Dec/17	ch %
Total Revenues	2 579 657	2 195 902	17,5%	1 945 903	32,6%
InfoPortugal	2 135 721	2 319 889	-7,9%	2 319 889	-7,9%
Intersegments & Others	443 936	-123 987	n.a	-373 986	n.a
Operating Costs (1)	5 659 542	5 022 160	12,7%	4 772 161	18,6%
EBITDA	-3 079 885	-2 826 258	9,0%	-2 826 258	9,0%
EBITDA adjusted (2)	-2 503 622	-2 558 248	-2,1%	-2 558 249	-2,1%

Note: EBITDA = Operating Results + Amortisations and Depreciation + Provisions + Impairment Losses in non-current assets. (1) Does not consider Amortisations and Depreciation, Provisions and Impairment Losses in non-current assets. (2) EBITDA adjusted for restructuring costs. (a) The proforma accounts of 2017, in the Others segment, reflect the impact of the adoption of IFRS 15 and IFRS 9, as if these had been applied in 2017. In 2018, 614.7 thousand euros of restructuring costs were recorded, while in 2017 restructuring costs reached 268 thousand euros.

This segment includes the management and financial costs of the IMPRESA holding company and also includes the operating activities of Infoportugal, a company dedicated to information technologies and content production, namely aerial photography, cartography and geo-referenced contents, and the operation of the photography website and of the Olhares Academy. Relative to 2017, the activity related to Boa Cama Boa Mesa was transferred to the Publishing segment.

In 2018, the total revenues of InfoPortugal fell 7.9% in relation to the previous year, having reached 2.1 M€. The transfer of the Boa Cama Boa Mesa project from the InfoPortugal universe to the Publishing universe justifies this reduction. Despite the fall in turnover, EBITDA grew 25%, reaching a margin of 17.6%.



During 2018, the editorial area registered a good performance, with the growth of the EPG (Electronic Programming Guide) service for the main national operators and some international customers, and at the end of the year important points of interest supply contracts, also for international customers, were concluded. The Aerial Photography and Cartography area registered a fall in turnover, penalised by the malfunction of InfoPortugal's plane.

In the meantime, an important project was awarded, involving the production of cartography for the Intermunicipal Community of Alto Alentejo, which began at the end of 2018 and will continue into next year. The R&D area more than doubled its turnover in 2018, the focus on the development of technology based on Augmented Reality, Artificial Intelligence and Computer Vision will enable significant advancements to be made in the cartography and geographic information systems area, as well as in the services provided by InfoPortugal.





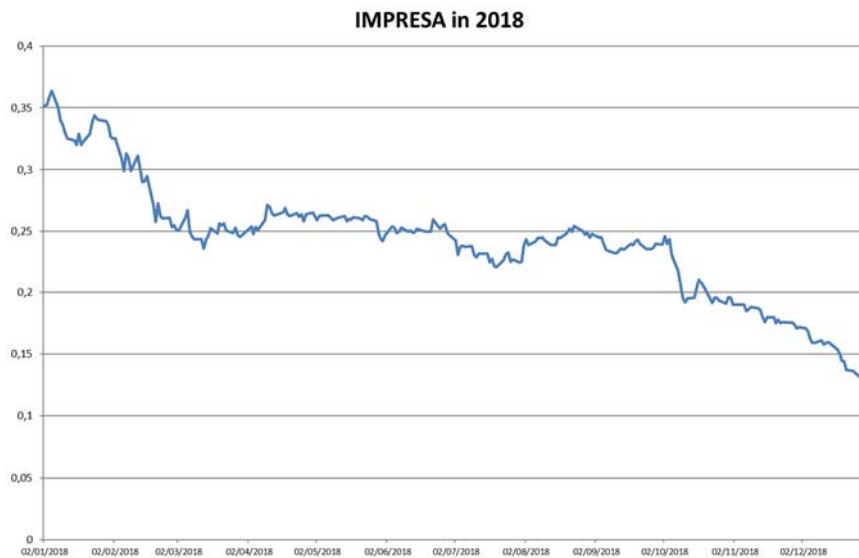
Finally, for the second consecutive year, the “World’s Leading Tourism Authority Website” award was attributed by “World Travel Awards” to the website www.visitportugal.com developed by InfoPortugal, for Turismo de Portugal.

In terms of consolidated results, the EBITDA of this segment was negative by 3.1 M€ in 2018, presenting a decline of 9.0% in comparison with the same period of 2017, penalised by restructuring costs.



6. IMPRESA in the Stock Market

The year of 2018 was a particular bad year for the Portuguese stock market, despite a strong start of the year, following the recovery of the dynamism of the Portuguese economy. However, several threats were developed throughout the year – Brexit, Italian crisis, commercial conflict between US - China, which dispel the initial perspectives. The PSI 20 close the 2018 year, with a decrease of 12,2%, slightly better than EuroStoxx 50, which decreased 13,1%.



Conversely, the media sector in Europe, registered less negative performance, with the DJ EuroStoxx Media losings only 4,2% in 2018. However, in the group of the European television stations, the share falls were much more pronounced, with the decreases

averaging around the 35% in 2018, and the Iberian operators coming down near the 50%.

IMPRESA shares did not escape this trend, with a fall of 60,1%, in 2018, after having an appreciation of 80,0%, in 2017. At the same time, with the fall, the transaction volumes recorded a strong contraction, with the transaction's averages decreasing around 73% to 200 mil thousand shares/day in 2018, from an average of 745 thousand shares/day in 2017.

7. Prospects

The IMPRESA Group returned to a positive net income in 2018. The completion of the investment in the new studios in Paço de Arcos, and the consequent concentration of all the Group's activities in one building, and more competitive programming grid, which will permit the IMPRESA Group to increase its profitability and continue to reduce its interest-bearing liabilities.



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 2018, in individual terms, the operating results were negative by 22.671 thousand euros, due to an impairment loss at IMPRESA Publishing, compared with the negative results of 12.289 thousand euros, reached in 2017.

The financial results were positive by 4.457 thousand euros, which compares with the positive value of 6.307 thousand euros achieved in 2017, as a consequence of lower interest charges and lower gains at the subsidiaries.

Overall, the net profit for 2018 was negative, to the value of 17.180 thousand euros, compared to the 4.797 thousand euros reached in 2017.

2. Proposed appropriation of net profit

It is proposed that the net loss for the year of 17.180.586 euros should be transferred to retained earnings.

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 2018 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 2018 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 2018: Banco BPI, Caixa Geral de Depósitos, Caixa Banco de Investimento, Novo Banco, Millennium BCP, Banco Santander Totta, Caixa de Crédito Agrícola, Montepio Geral, Banco EuroBIC, BNP Paribas, Bankinter e Haitong Bank.

Lisbon, February 28th, 2019

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



Individual Accounts

Annual Report 2018

IMPRESA – SGPS, S.A.
Publicly Held Company
Share Capital Eur 84,000,000
Rua Ribeiro Sanches, 65
1200-787 Lisbon
NIPC 502 437 464
Commercial Registry Office of Lisbon



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

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2018 AND 2017

(Amounts expressed in Euros)

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

<u>ASSETS</u>	<u>Notes</u>	<u>31 December 2018</u>	<u>31 December 2017</u>
<u>NON-CURRENT ASSETS</u>			
Investments in group and associated companies	10	280 907 854	288 195 786
Other non-current assets	20.1	227 601	261 833
Total non-current assets		<u>281 135 455</u>	<u>288 457 619</u>
<u>CURRENT ASSETS</u>			
Other current assets	11	4 624 291	11 527 778
Cash and cash equivalents	12	122 725	211 951
Total current assets		<u>4 747 016</u>	<u>11 739 729</u>
TOTAL ASSETS		<u><u>285 882 471</u></u>	<u><u>300 197 348</u></u>
<u>EQUITY AND LIABILITIES</u>			
<u>EQUITY:</u>			
Capital	13	84 000 000	84 000 000
Share premium	14	36 179 271	36 179 271
Legal reserve	15	2 001 797	2 001 797
Other reserves	15	15 806 179	15 830 896
Retained Results	15	(4 797 627)	-
Net (loss)/profit for the year		<u>(17 180 586)</u>	<u>(4 797 627)</u>
TOTAL EQUITY		<u>116 009 034</u>	<u>133 214 337</u>
<u>LIABILITIES:</u>			
<u>NON-CURRENT LIABILITIES</u>			
Bank borrowings	16	56 076 197	68 349 627
Borrowings from group companies	17	74 063 385	-
Provisions		-	29 400
Deferred tax liabilities	8	51 210	58 913
Total non-current liabilities		<u>130 190 792</u>	<u>68 437 940</u>
<u>CURRENT LIABILITIES:</u>			
Bank borrowings	16	36 610 399	70 487 875
Borrowings from group companies	17	-	25 230 671
Trade and other payables	18	143 539	278 125
Current tax liabilities	8	1 134 667	1 694 568
Other current liabilities	11	1 794 040	853 832
Total current liabilities		<u>39 682 645</u>	<u>98 545 071</u>
TOTAL LIABILITIES		<u>169 873 437</u>	<u>166 983 011</u>
TOTAL EQUITY AND LIABILITIES		<u><u>285 882 471</u></u>	<u><u>300 197 348</u></u>

The accompanying notes form an integral part of the statements of financial position
as of 31 December 2018

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts expressed in Euros)

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

	<u>Notes</u>	<u>31 December 2018</u>	<u>31 December 2017</u>
<u>OPERATING REVENUE:</u>			
Other operating revenue	3	41 952	20 110
		<u>41 952</u>	<u>20 110</u>
<u>OPERATING COSTS:</u>			
Supplies and services	4	(585 994)	(648 613)
Personnel costs	5	(2 861 369)	(2 424 677)
Provisions and impairment losses	10	(18 788 000)	(8 750 957)
Other operating costs	6	(478 050)	(485 355)
Total operating costs		<u>(22 713 413)</u>	<u>(12 309 602)</u>
Operating loss		<u>(22 671 461)</u>	<u>(12 289 492)</u>
<u>NET FINANCIAL ITEMS:</u>			
Net financial costs	7	(4 226 358)	(4 724 896)
Net gain on group companies and associates	7	8 684 179	11 032 268
		<u>4 457 821</u>	<u>6 307 372</u>
Profit before taxes		<u>(18 213 640)</u>	<u>(5 982 120)</u>
Income tax for the year	8	1 033 054	1 184 493
Net (loss)/profit for the year		<u>(17 180 586)</u>	<u>(4 797 627)</u>
<u>Other comprehensive income:</u>			
Items that will not be reclassified to the statement of profit and loss			
Actuarial gain/(loss)	8 and 20	(24 717)	31 881
Comprehensive income for the year		<u>(17 205 303)</u>	<u>(4 765 746)</u>
Earnings per share:			
Basic	9	(0,1023)	(0,0286)
Diluted	9	(0,1023)	(0,0286)
Comprehensive income per share:			
Basic	9	(0,1024)	(0,0284)
Diluted	9	(0,1024)	(0,0284)

The accompanying notes form an integral part of the statements of profit and loss and other comprehensive income for the year ended 31 December 2018

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

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

	<u>Capital</u>	<u>Share premium</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Retained Results</u>	<u>Net (loss)/profit for the year</u>	<u>Total equity</u>
Balance at 1 January 2017	84 000 000	36 179 271	1 782 188	11 626 434	-	4 392 190	137 980 083
Pension plan - actuarial gain/(loss) (Note 20.1)	-	-	-	41 138	-	-	41 138
Pension plan - deferred tax liability (Note 8)	-	-	-	(9 257)	-	-	(9 257)
Other comprehensive income	-	-	-	31 881	-	-	31 881
Other changes:							
Appropriation of net result for the year ended 31 December 2016 (Note 15)	-	-	219 609	4 172 581	-	(4 392 190)	-
Net profit for the year ended 31 December 2017	-	-	-	-	-	(4 797 627)	(4 797 627)
Balance at 31 December 2017	84 000 000	36 179 271	2 001 797	15 830 896	-	(4 797 627)	133 214 337
Pension plan - actuarial gain/(loss) (Note 20.1)	-	-	-	(31 893)	-	-	(31 893)
Pension plan - deferred tax liability (Note 8)	-	-	-	7 176	-	-	7 176
Other comprehensive income	-	-	-	(24 717)	-	-	(24 717)
Other changes:							
Application of net result for the year ended 31 December 2017 (Note 15)	-	-	-	-	(4 797 627)	4 797 627	-
Net loss for the year ended 31 December 2018	-	-	-	-	-	(17 180 586)	(17 180 586)
Balance at 31 December 2018	<u>84 000 000</u>	<u>36 179 271</u>	<u>2 001 797</u>	<u>15 806 179</u>	<u>(4 797 627)</u>	<u>(17 180 586)</u>	<u>116 009 034</u>

The accompanying notes form an integral part of the statements of changes in equity for the year ended 31 December 2018

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

CASH FLOW STATEMENTS FOR THE YEARS ENDED

31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

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

	Notes	31 December 2018	31 December 2017
<u>OPERATING ACTIVITIES:</u>			
Cash paid to suppliers		(725 080)	(1 438 854)
Cash paid to employees		(2 448 215)	(2 450 511)
Cash used in operations		(3 173 295)	(3 889 365)
Recovery/(payments) of income tax		153 632	2 137 654
Other cash received/(paid) relating to operating activities		(191 859)	(146 540)
Net cash used in operating activities (1)		(3 211 522)	(1 898 251)
<u>INVESTING ACTIVITIES</u>			
Cash received relating to:			
Dividends	7	8 684 179	11 032 268
Loans granted to group companies	11	7 395 000	-
Supplementary capital contributions granted	10	-	6 000 000
		16 079 179	17 032 268
Cash paid relating to:			
Loans to group companies	10	(11 500 000)	-
		(11 500 000)	-
Net cash from investing activities (2)		4 579 179	17 032 268
<u>FINANCING ACTIVITIES:</u>			
Cash received relating to:			
Bank borrowings	16	500 000	1 050 000
Borrowings from group companies		48 832 714	10 250 732
		49 332 714	11 300 732
Cash paid relating to:			
Bank borrowings	16	(46 796 106)	(21 783 607)
Interest and similar costs		(3 974 308)	(4 572 857)
		(50 770 414)	(26 356 464)
Net cash (used)/from financing activities (3)		(1 437 700)	(15 055 732)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(70 043)	78 285
Cash and cash equivalents at the beginning of the year	12	(4 771 550)	(4 849 835)
Cash and cash equivalents at the end of the year	12	(4 841 593)	(4 771 550)

The accompanying notes form an integral part of the cash flow statements
for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

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.

The accompanying financial statements were authorized for publication by the Board of Directors of Impresa on February 28, 2019.

The Company has also prepared consolidated financial statements in accordance with current 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, as disclosed in the notes of the consolidated financial statements of December 31, 2018 considering all the relevant information, facts and circumstances, of financial, commercial or other nature, including subsequent events to the date of the financial statements, available about the future. As a result of this analysis, considering the financial lines available, the borrowing capacity of its subsidiaries and the finance operations under negotiation, 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 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 2018.

2.2 Adoption of new or revised IAS/IFRS

The accounting policies used in the year ended 31 December 2018 are consistent with those used for the preparation of the financial statements of Impresa for the year ended 31 December 2017 and explained in the corresponding notes.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

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 2018:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 9 – Financial Instruments	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, for 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 programs; IFRIC 15 – Agreements for the constructing of real estate; IFRIC 18 – Transfer of assets from costumers and SIC 31 – Revenue – Barter transactions involving advertising services.
IFRS 15 – Revenue from Contracts with customers, clarifications	01-jan-18	These amendments introduce several clarifications in order to eliminate the possibility of divergent interpretations of various issues.
Amendments to IFRS 4 : Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	01-jan-18	This amendment provides approaches permitted when applying IFRS 4 with IFRS 9. The IFRS 4 Insurance Contracts will be superseded by IFRS 17.
Amendments to IFRS 2 : Classification and measurement of share based payment transactions	01-jan-18	The amendments introduce several clarifications related to (i) The accounting of transactions of payments based with shares that are settled in cash; (ii) the accounting of modifications in transactions of payments based in shares (from settled in cash to settled with equity instruments); (iii) the classification of share-based payment transactions with net settlement features.
Improvements to international financial statement standards (2014-2016 cycle)	01-01-2018	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 standards to its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 - Investments in Associates and Jointly Controlled Entities: introduces clarifications over the fair value measurement of investments in associated or joint ventures held by venture capital companies or investment funds.
IFRIC 22 - Transactions in foreign currency and advances	01-jan-18	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.
Amendments to IAS 40 - Investment Properties	01-jan-18	These amendments clarify that the change of classification from or to investment property should only be made when there are evidences of a change in the use of the asset.

There were no significant effects on the Company's financial statements for the year ended December 31, 2018, arising from the adoption of the standards, interpretations, amendments and improvements referred to above.

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:

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

Standard / Interpretation		Brief description
IFRS 16 – Leases	01-jan-19	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 lessee 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.
Amendment to IFRS 9 - Prepayment with negative compensation features	01-jan-19	This amendment allows that financial assets with contractual conditions that define, in anticipated reimbursement, the payment on a considerable amount by the creditor, may be measured at amortized cost, or at fair value through reserves (depending on the business model) provided that: (i) on the date of initial recognition of the asset, the fair value of the anticipated repayment fair value is insignificant and (ii) the possibility of negative compensation within the anticipated repayment is the only reason for the asset in question not to be considered an instrument only including payments of principal and interest.
IFRIC 23 - Uncertainty over Income Tax Treatments	01-jan-19	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments.

The Company did not apply any of these standards in the financial statements for the year ended December 31, 2018. As a result of the application of these standards, impacts are only expected from the adoption of IFRS 16, as follows:

IFRS 16 – Leases

The initial adoption date of IFRS 16 for the Company will be January 1, 2019.

The Company expects to opt for the modified retrospective transition model of IFRS 16, provided for in paragraphs IFRS 16: C3 (b), C7 and C8.

Consequently, the Group intends to use the practical expedient of not to reassess whether a contract is, or contains, a lease, having made an overall assessment of the new definition and evaluated all the contracts made or modified before 1 January 2019. The Company shall not restate comparative financial information, recording at the transition date the liability related to future payments, and an asset under equal rights of use.

The Board of Directors estimates that the entry into force of IFRS 16 in the year ending on January 1, 2019, may have the following effects on the Company's financial statements in the year ending December 31, 2019:

Operating leases

Under IAS 17, future liabilities with operating leases are disclosed in the accompanying notes as commitments assumed not included in the statement of financial position. IFRS 16 will change the way the Company accounts leases previously classified as operating, and will record future liabilities and rights in the statement of financial position.

In the initial application of IFRS 16, the Company shall:

- recognise lease liabilities and assets under right-of-use asset in the statement of financial position, measured at present value of the future payments of each lease;
- recognize financial expenses on lease liabilities and depreciation of right-of-use assets in the income statement by nature;
- Separate amounts paid between principal and interest (presented as financing activities) in the statement of cash flows.

For short-term leases (term of 12 months or less) and low value leases (as described in paragraphs B3-B8 of IFRS 16), the Company will choose to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

The lessee shall apply IAS 36 - Impairment of Assets to determine whether the asset under right-of-use is impaired and to account for any identified impairment loss.

At December 31, 2018, the Company has non-cancellable lease commitments of approximately 100.043 Euros (Note 20.2), which under IFRS 16 qualify as short term leases.

The preliminary assessment carried out by the Board of Directors indicates that, all of the lease agreements entered into by the Company that cannot be canceled on December 31, 2018 are short term leases, thus, the entry into force of IFRS 16 will not have significant impacts.

Leases

In the initial application, the Company will present the assets acquired under financial lease contracts, currently registered under tangible fixed assets, in the caption rights-of-use asset and the respective lease liability, currently recorded under loans obtained, in a separate caption in the statement of financial position for lease liabilities.

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	Applicable in the European Union in the years starting on or after	Brief description
Amendments to IAS 19 - Plan amendments, curtailments or settlements	01-jan-19	If a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. • In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement of the plan.
Amendments to Conceptual Framework	01-jan-20	Amendments to several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) on march 2018 revised Conceptual Framework. The revised Conceptual Framework provides updated definitions and recognition criteria for assets and liabilities and clarifies some concepts, such as, measurement, derecognition, presentation and disclosure.
The definition of materiality (Amendments to IAS 1 and IAS 8)	01-jan-20	These amendments clarify the definition of material in IAS 1. The definition of material in IAS 8 follows the definition in IAS 1. The amendment also changes the definition of material in other standards to ensure consistency. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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 2018.

From the above referred standards, the Company understands that their adoption will not lead to significant changes in its financial statements.

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

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

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

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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 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 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.

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2.11 Impairment of assets

Impairment tests of assets are made 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 in prior years, net of amortization or depreciation. 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 2018 there were no changes in accounting policies in relation to those used in preparing the financial statements for the year ended 31 December 2017, 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 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.

3. SERVICES RENDERED AND OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2018 and 2017 is made up as follows:

	2018	2017
Other operating income:		
Others	41.952	20.110
	<u>41.952</u>	<u>20.110</u>

4. SUPPLIES AND SERVICES

This caption for the years ended 31 December 2018 and 2017 is made up as follows:

	2018	2017
Specialized works	308.113	284.401
Rents (a)	202.383	249.068
Maintenance and repairs	1.566	4.739
Others	73.932	110.405
	<u>585.994</u>	<u>648.613</u>

(a) This caption for the years ended at 31 December 2018 and 2017 includes 81.000 Euros and 89.784 Euros charged each year by related entities (Note 21).

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

5. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Personnel remuneration	1.185.411	1.393.909
Remuneration of the corporate boards (Note 21)	636.711	552.482
Charges on remuneration	429.771	452.186
Indemnities	585.000	-
Others	24.476	26.100
	<u>2.861.369</u>	<u>2.424.677</u>

The Company had an average of 20 and 21 employees during the years ended 31 December 2018 and 2017, respectively.

6. OTHER OPERATING COSTS

Other operating costs for the years ended 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
Taxes	397.607	376.331
Subscriptions	79.843	109.022
Other operating costs	600	2
	<u>478.050</u>	<u>485.355</u>

7. NET FINANCIAL GAINS

Net financial gains for the years ended 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Financial costs:</u>		
Interest (a)	(3.369.344)	(4.300.345)
Other financial costs	(857.014)	(424.551)
	<u>(4.226.358)</u>	<u>(4.724.896)</u>
<u>Net gain on group and associated companies:</u>		
Dividends (b)	8.684.179	11.032.268
	<u>4.457.821</u>	<u>6.307.372</u>

(a) At 31 December 2018 and 2017 this caption includes 1.967.726 Euros and 2.384.244 Euros, respectively, charged by related entities (Note 21).

(b) This caption at 31 December 2018 and 2017 corresponds to dividends received from the following companies (Note 21):

	<u>2018</u>	<u>2017</u>
SIC - Sociedade Independente de Comunicação, S.A. ("SIC")	8.684.179	10.852.268
Vasp – Distribuidora de Publicações, S.A. ("Vasp")	-	180.000
	<u>8.684.179</u>	<u>11.032.268</u>

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

8. DIFFERENCES BETWEEN THE ACCOUNTING AND TAX RESULTS

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;
- 9% on taxable profit exceeding 35.000.000 Euros.

Net financial costs are deductible for determining taxable income, determined by the Group, are limited to the greater of the following limits:

- 1.000.000 Euros;
- 30% 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 2015 to 2018 are still subject to review.

The Board of Directors understands 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 2018 and 2017.

In accordance with current legislation tax losses can be carried forward during a period of 5 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 2018 and 2017 Impresa and its subsidiaries did not have any tax losses carried forward.

Current tax liabilities at 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Current tax liabilities</u>		
Payments on account and special payments on account generated under the RETGS	(2.008.716)	(1.078.917)
Corporate income tax generated under the RETGS (i)	3.084.874	2.713.621
Estimated corporate income tax	58.509	59.864
	<u>1.134.667</u>	<u>1.694.568</u>

(i) This amount was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Accounts payable generated under the RETGS (Note 11)	(240.108)	-
Accounts receivable generated under the RETGS (Note 11)	4.452.821	3.902.538
	<u>4.212.713</u>	<u>3.902.538</u>
Tax losses carried forward of the Company used under the RETGS	<u>(1.127.839)</u>	<u>(1.188.917)</u>
	<u>3.084.874</u>	<u>2.713.621</u>

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

a) Temporary differences – Changes in deferred tax assets

31 December 2018:

	<u>Tax losses carried forward</u>
Balance at 31 December 2017	-
Increases	1.127.839
Recovery	<u>(1.127.839)</u>
Balance at 31 December 2018	<u>-</u>

31 December 2017:

	<u>Tax losses carried forward</u>
Balance at 31 December 2016	-
Increases	1.188.917
Recovery	<u>(1.188.917)</u>
Balance at 31 December 2017	<u>-</u>

Deferred tax assets resulting from tax losses carried forward, generated during the years ended 31 December 2018 and 2017 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 2018:

	<u>Pension plan</u>
Balance at 31 December 2017	58.913
Increase/(decrease) with effect on other comprehensive income	(7.176)
Increase/(decrease) with effect on profit or loss	<u>(527)</u>
Balance at 31 December 2018	<u>51.210</u>

31 December 2017:

	<u>Pension plan</u>
Balance at 31 December 2016	50.771
Increase/(decrease) with effect on other comprehensive income	9.257
Increase/(decrease) with effect on profit or loss	<u>(1.115)</u>
Balance at 31 December 2017	<u>58.913</u>

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c) Reconciliation of the tax rate

	<u>2018</u>	<u>2017</u>
Net Result before income tax	(18.213.640)	(5.982.120)
Nominal tax rate	21%	21%
Estimated income tax	<u>(3.824.864)</u>	<u>(1.256.245)</u>
Permanent differences (i)	2.696.498	66.212
Adjustment to taxable profit (ii)	58.509	59.864
Insufficiency of estimated income tax	36.803	-
Excess of estimated income tax of previous year	-	<u>(54.325)</u>
Income tax for the year	<u><u>(1.033.054)</u></u>	<u><u>(1.184.493)</u></u>
Current tax	58.509	59.863
Excess of estimated income tax of previous year	-	<u>(54.325)</u>
Deferred tax generated in the year	<u>(1.128.365)</u>	<u>(1.190.032)</u>
Insufficiency of estimated income tax of previous year	36.803	-
	<u><u>(1.033.054)</u></u>	<u><u>(1.184.493)</u></u>

(i) At 31 December 2018 and 2017, this caption is detailed as follows:

	<u>2018</u>	<u>2017</u>
Dividends received (Note 7)	(8.684.179)	(11.032.268)
Impairment losses for investments in group companies (Note 10)	18.788.000	8.750.957
Other non-deductible costs under RETGS	2.229.754	2.514.107
Others, net	<u>506.891</u>	<u>82.500</u>
	<u>12.840.466</u>	<u>315.296</u>
	21%	21%
	<u><u>2.696.498</u></u>	<u><u>66.212</u></u>

(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 Impresa Serviços e Multimédia, S.A. ("ISM") (merged in 2015 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, for which a bank guarantee had been presented, amounting to 325.041 Euros, which was cancelled in April 2016.

During the year ended 31 December 2017 the Group obtained a favorable decision on the claim related to the additional tax assessments for the years ended 31 December 2008 and 2009 related to the deductibility of finance costs incurred. The tax authorities presented an appeal.

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At 31 December 2018 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 understands, 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.

9. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2018 and 2017 were calculated as follows:

	2018	2017
Net Result for the year	(17.180.586)	(4.797.627)
Number of shares (Note 13)	168.000.000	168.000.000
Earnings/Losses for the year per share	<u>(0,1023)</u>	<u>(0,0286)</u>
Comprehensive income for the year	(17.205.303)	(4.765.746)
Number of shares (Note 13)	168.000.000	168.000.000
Comprehensive income for the year per share	<u>(0,1024)</u>	<u>(0,0284)</u>

As there are no situations that involve dilution, diluted earnings per share are the same as basic earnings per share for the years ended December 31, 2018 and 2017.

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 2018 and 2017 were as follows:

31 December 2018:

	Investments	Supplementary capital contributions	Total
<u>Investments:</u>			
Balance at 31 December 2017	266.945.786	21.250.000	288.195.786
Increase in impairment losses (a)	(18.788.000)	-	(18.788.000)
Increases (b)	68	11.500.000	11.500.068
Balance at 31 December 2018	<u>248.157.854</u>	<u>32.750.000</u>	<u>280.907.854</u>

31 December 2017:

	Investments	Supplementary capital contributions	Total
<u>Investments:</u>			
Balance at 31 December 2016	275.696.743	27.250.000	302.946.743
Increase in impairment losses (c)	(8.750.957)	-	(8.750.957)
Decreases (d)	-	(6.000.000)	(6.000.000)
Balance at 31 December 2017	<u>266.945.786</u>	<u>21.250.000</u>	<u>288.195.786</u>

- (a) The increase in impairment losses at 31 December 2018, results from the difference between the recoverable amount of this asset, taking into account the value of evaluation of Impresa Publishing, based on the value of the cash generating unit Publishing (as disclosure in the notes to the consolidated financial statements) and the carrying amount of this investment.
- (b) The increase in caption "Supplementary Capital Contributions" refers to supplementary capital contributions conceded to Impresa Publishing in the amount of 11.500.000 Euros.

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- (c) In the last quarter of 2017, the Group decided to sell a set of news titles that made up a portfolio of magazines, which was held by Impresa Publishing, and started a plan to carry out this operation. Following the implementation of this plan, in view of the ongoing negotiations, it was determined that the estimated value of the sale of that portfolio would amount to approximately 10.200.000 Euros. Therefore, for the purposes of calculating the recoverable value of the stake held by Impresa in Impresa Publishing, the recoverable amount of this asset was determined taking into account the value of evaluation of Impresa Publishing, based on the value of the cash generating unit Publishing, considering only the publications that would remain in the sphere of Impresa Publishing, as defined in the notes to the consolidated financial statements, plus the expected recoverable value arising from the sale of the portfolio of the magazines. As a result of the aforementioned, the Company recognized in 2017 an impairment loss of approximately, 8.751.000 Euros, corresponding to the difference between the amount determined in the aforementioned terms and the carrying amount of this investment.
- (d) The decrease in caption “Supplementary Capital Contributions” refers to reimbursement of supplementary capital contributions granted in previous years to Impresa Publishing in the amount of 6.000.000 Euros.

At 31 December 2018 and 2017, the Company had the following investments in group and associated companies (accounting information of the participations taken from their financial statements)

31 December 2018:

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	29.143.695	1.205.255	24.272.519	(3.672.457)	100%	35.611.372	(37.688.372)	29.000.000	26.923.000
IOSS (a)	Oeiras	40.339.096	8.158.974	6.492.751	(318.743)	100%	5.947.555	-	3.750.000	9.697.555
SIC	Oeiras	137.638.230	24.150.853	143.378.001	11.647.093	100%	239.408.738	-	-	239.408.738
Infoportugal	Matosinhos	1.392.675	522.019	2.135.721	211.745	100%	2.842.503	-	-	2.842.503
Vasp	Cacém	40.218.110	9.071.219	222.475.796	409.870	33,33%	1.144.666	-	-	1.144.666
Lusa	Lisboa	13.099.971	4.484.400	15.986.983	1.141.508	22,35%	890.732	-	-	890.732
Nexponor	Porto	n.d	n.d	n.d	n.d	0,001%	660	-	-	660
Others	n.d	n.d	n.d	n.d	n.d	n.d	30.000	(30.000)	-	-
							<u>285.876.226</u>	<u>(37.718.372)</u>	<u>32.750.000</u>	<u>280.907.854</u>

31 December 2017:

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	23.518.445	(6.503.134)	46.165.584	(23.289.988)	100%	35.611.372	(18.900.372)	17.500.000	34.211.000
IOSS (a)	Oeiras	21.229.612	8.477.717	6.470.394	(201.842)	100%	5.947.555	-	3.750.000	9.697.555
SIC	Oeiras	104.003.013	21.347.859	151.255.360	8.684.178	100%	239.408.738	-	-	239.408.738
Infoportugal	Matosinhos	1.691.196	450.815	2.319.889	135.742	100%	2.842.435	-	-	2.842.435
Vasp	Cacém	42.763.551	8.526.627	217.326.770	(118.718)	33,33%	1.144.666	-	-	1.144.666
Lusa	Lisboa	11.893.332	3.370.163	16.226.463	720.693	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)	-	-
							<u>285.881.158</u>	<u>(18.935.372)</u>	<u>21.250.000</u>	<u>288.195.786</u>

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

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11. OTHER CURRENT ASSETS AND LIABILITIES

Other current assets at 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Customers</u>		
Vasp (Note 21)	1.213	1.213
Other current account customers	18.536	18.536
	<u>19.749</u>	<u>19.749</u>
<u>Other current assets</u>		
Group companies - RETGS (Notes 8 and 21):		
SIC	4.191.039	3.688.372
Impresa Publishing	-	81.177
GMTS	193.142	22.073
IOSS	-	60.125
InfoPortugal	68.640	50.791
	<u>4.452.821</u>	<u>3.902.538</u>
Group companies (Note 21):		
IOSS	-	7.395.000
Others	151.721	210.491
	<u>4.624.291</u>	<u>11.527.778</u>

Accounts receivable from Group companies at 31 December 2018 and 2017 in the amounts of 4.452.821 Euros and 3.902.538 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 2018 and 2017 is made up as follows:

	<u>2018</u>	<u>2017</u>
Group companies - RETGS (Notes 8 and 21):		
Impresa Publishing	193.284	-
IOSS	46.823	-
	<u>240.107</u>	<u>-</u>
Accrued costs:		
Personnel vacation pay and subsidy	303.352	347.036
Indeminities	450.000	-
Interest	539.774	254.733
Others	72.133	53.098
	<u>1.365.259</u>	<u>654.867</u>
State and other public entities		
Personal income tax	86.854	91.946
Social security contributions	81.425	85.103
	<u>168.279</u>	<u>177.049</u>
Other liabilities		
Other creditors	20.395	21.916
	<u>1.794.040</u>	<u>853.832</u>

At 31 December 2018. Accrued interest include 489.939 Euros related to the loan obtained from SIC (Note 21).

(Amounts stated in Euros)

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12. CASH AND CASH EQUIVALENTS

The caption “Cash and cash equivalents” included in the cash flow statements as of 31 December 2018 and 2017 reflected in the statement of financial position as of those dates are as follows:

	2018	2017
Cash	1.798	1.489
Bank deposits	120.927	210.462
	122.725	211.951
Bank overdrafts (Note 16)	(4.964.318)	(4.983.501)
	(4.841.593)	(4.771.550)

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

13. CAPITAL

At 31 December 2018 and 2017 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):

	2018		2017	
	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
Madre - SGPS, S.A.	4,47%	3.750.622	4,63%	3.887.483
Santander Asset Management	4,18%	3.507.282	4,18%	3.507.282
Grupo BPI	3,69%	3.100.000	3,69%	3.100.000
Newshold - SGPS, S.A.	2,40%	2.019.382	2,40%	2.019.382
Azvalor Asset Management	3,05%	2.562.793	2,80%	2.354.481
Norges Bank	2,78%	2.336.667	2,78%	2.336.667
Other	29,13%	24.465.960	29,21%	24.537.412
	100,00%	84.000.000	100,00%	84.000.000

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 2018 and 2017 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)

(Translation of notes originally issued in Portuguese – Note 24)

The movements in reserves in 2018 and 2017 were as follows:

31 December 2018:

	Legal reserve	Other reserves	Retained Results
Balance at 1 January 2018	2.001.797	15.830.896	-
Decreases (a)	-	-	(4.797.627)
Pension plan - actuarial gains/losses (Note 8 and 20.1)	-	(24.717)	
Balance at 31 de December 2018	<u>2.001.797</u>	<u>15.806.179</u>	<u>(4.797.627)</u>

- (a) The decrease results from the decision of the Shareholders' General Meeting held on 19 April 2018 to appropriate net loss for the year ended 31 December 2017, in the amount of 4.797.627 Euros, to retained results.

31 December 2017:

	Legal reserve	Other reserves
Balance at 1 January 2017	1.782.188	11.626.434
Increases (a)	219.609	4.172.581
Pension plan - actuarial gains/losses (Note 8 and 20.1)	-	31.881
Balance at 31 de December 2017	<u>2.001.797</u>	<u>15.830.896</u>

- (a) The increase in these captions results from the decision of the Shareholders' General Meeting held on 19 April 2017 to appropriate net profit for the year ended 31 December 2017 as follows:

Legal reserve	219.609
Retained results	4.172.581
	<u>4.392.190</u>

16. BANK BORROWINGS

Bank borrowings at 31 December 2018 and 2017 are made up as follows:

Lending entities	31 December 2018				31 December 2017			
	Book value		Nominal value		Book value		Nominal value	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Banco BPI, S.A. (a)	55.581.637	9.939.866	55.826.229	9.983.607	65.522.391	9.939.999	65.809.837	9.983.606
Banco Popular, S.A. (b)	494.560	989.119	500.000	1.000.000	1.483.491	988.994	1.500.000	1.000.000
Caixa Central de Crédito Agrícola Mútuo, C.R.L. (c)	-	1.344.843	-	1.350.000	1.343.745	1.343.744	1.350.000	1.350.000
Banco BIC Português, S.A. (d)	-	4.172.253	-	4.187.500	-	6.165.723	-	6.200.000
Bond loan (e)	-	-	-	-	-	29.915.914	-	30.000.000
Guaranteed current account (f)	-	15.200.000	-	15.200.000	-	17.150.000	-	17.150.000
Bank overdrafts (g) (Note 12)	-	4.964.318	-	4.964.318	-	4.983.501	-	4.983.501
	<u>56.076.197</u>	<u>36.610.399</u>	<u>56.326.229</u>	<u>36.685.425</u>	<u>68.349.627</u>	<u>70.487.875</u>	<u>68.659.837</u>	<u>70.667.107</u>

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

At 31 December 2018, the movement occurred in the balance of debt in credit institutions, separated by movements with associated cash flows and without cash flow, was as follows:

Lending entities	31 December 2017	Cashflow of the year		Movements without cashflow	31 December 2018
	Book Value	Receivables	(Payments)	Amortized cost	Book Value
Banco BPI, S.A. (a)	75.462.390	-	(9.983.606)	42.719	65.521.503
Banco Popular, S.A. (b)	2.472.485	500.000	(1.500.000)	11.194	1.483.679
Caixa Central de Crédito Agrícola	-	-	-	-	-
Mútuo, C.R.L. (c)	2.687.489	-	(1.350.000)	7.354	1.344.843
Banco BIC Português, S.A. (d)	6.165.723	-	(2.012.500)	19.030	4.172.253
Bond loan (e)	29.915.914	-	(30.000.000)	84.086	-
Guaranteed current account (f)	17.150.000	-	(1.950.000)	-	15.200.000
	133.854.001	500.000	(46.796.106)	164.383	87.722.278
Bank overdrafts (g) (Note 12)	4.983.501	-	(19.183)	-	4.964.318
	<u>138.837.502</u>	<u>500.000</u>	<u>(46.815.289)</u>	<u>164.383</u>	<u>92.686.596</u>

At 31 December 2017, the movement occurred in the balance of debt in credit institutions, separated by movements with associated cash flows and without cash flow, was as follows:

Lending entities	31 December 2016	Cashflow of the year		Movements without cashflow	31 December 2017
	Book Value	Receivables	(Payments)	Amortized cost	Book Value
Banco BPI, S.A. (a)	85.403.275	-	(9.983.607)	42.722	75.462.390
Banco Popular, S.A. (b)	3.461.290	-	(1.000.000)	11.195	2.472.485
Caixa Central de Crédito Agrícola	-	-	-	-	-
Mútuo, C.R.L. (c)	3.582.149	-	(900.000)	5.340	2.687.489
Banco BIC Português, S.A. (d)	8.517.603	-	(2.400.000)	48.120	6.165.723
Caixa Geral de Depósitos., S.A.	7.362.613	-	(7.500.000)	137.387	-
Bond loan (e)	29.818.481	-	-	97.433	29.915.914
Guaranteed current account (f)	16.100.000	1.050.000	-	-	17.150.000
	154.245.411	1.050.000	(21.783.607)	342.197	133.854.001
Bank overdrafts (g) (Note 12)	4.925.604	-	57.897	-	4.983.501
	<u>159.171.015</u>	<u>1.050.000</u>	<u>(21.725.710)</u>	<u>342.197</u>	<u>138.837.502</u>

- (a) 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. At 31 December 2018 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:

2019	<u>9.983.607</u>
2020	9.983.607
2021	9.983.607
2022	9.983.607
2023	9.983.607
2024	9.983.607
2025	<u>5.908.194</u>
	<u>55.826.229</u>
	<u>65.809.837</u>

In guarantee of full compliance with the loan the Group signed a blank promissory note and pledged all the shares of SIC. Additionally were assigned to SIC in pawn 100% of the shares capital of SIC.

As a result of the contracting of this loan, Impresa assumed several covenants and restrictions essentially related to the acquisition and sale of assets and the 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)

(Translation of notes originally issued in Portuguese – Note 24)

- (b) Loan contract signed by Impresa with Banco Popular, S.A. (currently Banco Santander) in June 2015 to be repaid in 10 successive half year instalments up to 16 June 2020. At 31 December 2018 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:

2019	<u>1.000.000</u>
2020	<u>500.000</u>
	<u>500.000</u>
	<u><u>1.500.000</u></u>

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

- (c) 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 15 September 2019. At 31 December 2018, 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 in 2019.

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.

- (d) 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 2018, the loan bore interest payable half yearly in arrears at the Euribor six month rate plus 1,875%.

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

As a result of the contracting of this loan, the Company assumed compliance with certain covenants.

In accordance with the terms of the loan, Impreger must not reduce its participation in Impresa to below 50,1%.

- (e) 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 November 12, 2018 these bonds were totally paid.

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

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

In the years ended 31 December 2017 and 2016, the effective interest rates on the loans were as follows:

Lending entities	2018	2017
Banco BPI, S.A.	2,50%	2,50%
Banco Santander, S.A.	2,25%	2,25%
Caixa Central de Crédito Agrícola Mútuo, C.R.L. (c)	2,60%	2,60%
Banco BIC Português, S.A. (d)	1,88%	1,50%
Caixa Geral de Depósitos, S.A. (e)	-	2,85%
Novo Banco, S.A. E Banco Espírito Santo de Investimento, S.A.	4,00%	4,00%

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

If the interest rates had been 0,5% higher or lower in 2018 and 2017, net loss for these years would have increased or decreased by approximately 579.000 Euros and 745.000 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 28 to the consolidated financial statements.

17. BORROWINGS FROM GROUP COMPANIES

At 31 December 2018 and 2017 the Company had the following loans from its subsidiaries:

	<u>2018</u>	<u>2017</u>
<u>Group companies (Note 21)</u>		
SIC	51.323.385	25.230.671
IP	12.150.000	-
IOSS	10.590.000	-
	<u>74.063.385</u>	<u>25.230.671</u>

At 31 December 2018, loans from group companies were classified as non-current, due to the agreements between the parties.

18. TRADE AND OTHER PAYABLES

Trade and other payables at 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
SIC (Note 21) (a)	82.964	201.954
Other current account payables	60.575	76.171
	<u>143.539</u>	<u>278.125</u>

(a) As of 31 December 2017, this account payable includes interests incurred for the year ended in 2017 in the amount of 188.017 Euros.

19. CONTINGENT LIABILITIES AND GUARANTEES GIVEN

At 31 December 2018 and 2017 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).

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 2018 and 2017 was estimated at 678.966 Euros and 720.465 Euros, respectively, and the amount of the fund on those dates was 906.567 Euros and 982,298 Euros, respectively.

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

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 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Present value of the liability for defined benefits at the beginning of the year:	720.465	772.998
Benefits paid	(41.686)	(41.686)
Current service cost	8.230	8.901
Interest cost	15.742	13.163
Actuarial gain and loss	<u>(23.785)</u>	<u>(32.911)</u>
Present value of the liability for defined benefits	<u>678.966</u>	<u>720.465</u>
Plan assets at the beginning of the year	982.298	998.645
Benefits paid	(41.686)	(41.686)
Interest of the plan	21.633	17.112
Financial gain/loss	<u>(55.678)</u>	<u>8.227</u>
Plan assets at the end of the year	<u>906.567</u>	<u>982.298</u>
<i>Superavit</i>	<u>227.601</u>	<u>261.833</u>

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 gains in 2018 result essentially from the change in the discount rate. The remaining income and costs were recognized in the statement of profit and loss.

	<u>2018</u>	<u>2017</u>
Amounts recognized in the statement of profit or loss:		
Current service cost	(8.230)	(8.901)
Interest cost	(15.742)	(13.163)
Fund interest	21.633	17.112
	<u>(2.339)</u>	<u>(4.952)</u>
Amounts recognized as other comprehensive income:		
Actuarial (gain)/loss	(23.785)	(32.911)
Financial gain/loss	55.678	(8.227)
	<u>31.893</u>	<u>(41.138)</u>

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:

	<u>2018</u>	<u>2017</u>
Within one year	100.043	107.639
Between one and five years	-	104.426
	<u>200.975</u>	<u>212.065</u>

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

In 2018 and 2017 the Company recognized in the statements of profit and loss and other comprehensive income the amounts of approximately 121.000 Euros and 127.000 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 2018 and 2017, transactions with the Board of Directors corresponded essentially to remuneration paid for performing their functions in the Impresa Group.

The balances at 31 December 2018 and 2017 and transactions during the years then ended with related parties were as follows:

	<u>2018</u>	<u>2017</u>
<u>Transactions:</u>		
Rent cost (Impreger) (Note 4)	81.000	89.784
Personnel costs (Note 5)	636.711	452.927
Interest and similar costs (Note 7)	1.967.726	2.384.244
Dividends received (Note 7)	8.684.179	11.032.268
<u>Balances:</u>		
Cash and cash equivalents (a)	32.209	134.098
Receivables (Note 11)	4.454.034	11.298.751
Current liabilities	730.046	
Borrowings (Note 17)	74.063.385	25.230.671
Payables (Note 18)	82.964	201.954
Bank borrowings	70.809.836	80.793.443

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

In the years ended 31 December 2018 and 2017, 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 2018 and 2017, 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 2018 and 2017, the amount of annual remuneration paid by the Company to the external auditor and other entities or individuals belonging to the same network were as follows:

	<u>2018</u>	<u>2017</u>
Auditing Services	61.500	61.500
Other assurance services	2.700	2.700
Other services	27.500	27.500
	<u>91.700</u>	<u>91.700</u>

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

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

(Translation of notes originally issued in Portuguese – Note 24)

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



Consolidated Accounts

Annual Report 2018

IMPRESA – SGPS, S.A.
Publicly Held Company
Share Capital Eur 84,000,000
Rua Ribeiro Sanches, 65
1200-787 Lisbon
NIPC 502 437 464
Commercial Registry Office of Lisbon



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

(Translation of consolidated statements of financial position originally issued in Portuguese - Note 39)

ASSETS	Notes	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)
NON-CURRENT ASSETS:				
Goodwill	17	268 622 821	268 622 821	300 892 821
Intangible assets	18	159 523	313 863	435 821
Tangible fixed assets	19	42 157 742	29 882 242	28 234 916
Investments	20	4 040 066	3 614 521	3 667 894
Investment properties	21	1 478 489	1 478 489	5 912 440
Program broadcasting rights	22	2 586 358	4 959 298	4 568 154
Other non-current assets	24	5 086 515	5 567 277	4 941 825
Deferred tax assets	15	1 790 735	1 605 884	818 427
Total non-current assets		325 922 249	316 044 395	349 472 298
CURRENT ASSETS:				
Program broadcasting rights	22	15 264 200	12 778 402	15 636 356
Inventories	22	504 724	355 302	1 422 658
Trade and other receivables	23	32 370 747	36 258 860	37 254 064
Other current assets	24	9 813 192	5 195 593	6 329 572
Cash and cash equivalents	25	9 639 108	3 824 133	3 491 256
Total current assets		67 591 971	58 412 290	64 133 906
Current assets classified as held for sale	26	3 200 000	13 845 466	-
TOTAL ASSETS		396 714 220	388 302 151	413 606 204
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	27	84 000 000	84 000 000	84 000 000
Share premium	27	36 179 272	36 179 272	36 179 272
Legal reserve	27	2 001 797	2 001 797	1 782 188
Retained earnings and other reserves		60 378	21 774 666	19 142 598
Consolidated net profit/(loss) for the year		3 139 284	(21 590 996)	2 759 895
TOTAL EQUITY		125 380 731	122 364 739	143 863 953
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Bank borrowings	28	98 931 373	83 506 647	134 986 990
Provisions	29.2	7 078 308	4 502 402	3 757 354
Deferred tax liabilities	15	255 082	339 650	315 456
Trade and other payables	30	2 026 823	-	-
Total non-current liabilities		108 291 586	88 348 699	139 059 800
CURRENT LIABILITIES:				
Bank borrowings	28	89 879 559	98 742 384	51 709 758
Trade and other payables	30	32 880 943	32 035 967	29 876 474
Current tax liabilities	15	1 004 271	1 324 841	253 801
Other current liabilities	31	39 277 130	43 554 780	48 842 418
Total current liabilities		163 041 903	175 657 972	130 682 451
Liabilities related to assets classified as held for sale	26	-	1 930 741	-
TOTAL LIABILITIES		271 333 489	265 937 412	269 742 251
TOTAL EQUITY AND LIABILITIES		396 714 220	388 302 151	413 606 204

The accompanying notes form an integral part of on the consolidated statement of financial position as of 31 December 2018.

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 2018 AND 2017

(Amounts stated in Euros)

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

	<u>Notes</u>	<u>2018</u>	<u>2017</u> <u>(Restated)</u>
<u>OPERATING REVENUE</u>			
Services rendered	9	160 304 765	173 162 319
Sales	9	9 841 484	24 012 138
Other operating revenue	10	2 016 508	1 142 296
Total operating revenue		<u>172 162 757</u>	<u>198 316 753</u>
<u>OPERATING EXPENSES</u>			
Cost of programs broadcast and goods sold	11	(73 756 113)	(80 691 513)
Supplies and services	12	(35 838 956)	(46 965 634)
Personnel costs	13	(43 057 546)	(53 073 972)
Amortization and depreciation	18 and 19	(3 521 332)	(3 651 545)
Provisions and impairment losses	29	(2 778 232)	(23 886 666)
Other operating expenses	10	(1 400 124)	(3 020 115)
Total operating expenses		<u>(160 352 303)</u>	<u>(211 289 445)</u>
Operating profit		<u>11 810 454</u>	<u>(12 972 692)</u>
<u>NET FINANCIAL EXPENSES</u>			
Gain / (loss) on associated companies	14	430 544	126 627
Interest and other financial costs	14	(6 387 286)	(7 171 619)
Other financial income	14	465 233	315 492
Net financial expenses		<u>(5 491 509)</u>	<u>(6 729 500)</u>
Profit before taxes		6 318 945	(19 702 192)
Income tax expense	15	(3 179 661)	(1 888 804)
Consolidated net profit/(loss) for the year		<u>3 139 284</u>	<u>(21 590 996)</u>
<u>Other comprehensive income</u>			
Items that will not be reclassified to the statement of profit and loss			
Actuarial gain/(loss)	15 and 33.1	(128 903)	91 781
Comprehensive income for the year		<u>3 010 381</u>	<u>(21 499 215)</u>
Earnings per share:			
Basic	16	0,0187	(0,1285)
Diluted	16	0,0187	(0,1285)
Comprehensive income per share:			
Basic	16	0,0179	(0,1280)
Diluted	16	0,0179	(0,1280)

The accompanying notes form an integral part of the consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2018.

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 2018 AND 2017

(Amounts stated in Euros)

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

		Share Capital	Share premium	Legal Reserve	Retained earnings and other reserves	Consolidated net profit / (loss) for the year	Total
Balance at 1 January 2017		84 000 000	36 179 272	1 782 188	19 520 330	2 759 895	144 241 685
Restatement adjustments		-	-	-	(377 732)	-	(377 732)
Balance at 1 January 2017 (Restated)	2	84 000 000	36 179 272	1 782 188	19 142 598	2 759 895	143 863 953
Pension plan - actuarial gain/(loss)	33.1	-	-	-	118 429	-	118 429
Pension plan - deferred tax liability	15	-	-	-	(26 648)	-	(26 648)
Other comprehensive income		-	-	-	91 781	-	91 781
Appropriation of consolidated net profit for the year ended 31 December 2016	27	-	-	219 609	2 540 286	(2 759 895)	-
Consolidated net loss for the year ended 31 December 2017 (restated)		-	-	-	-	(21 590 996)	(21 590 996)
Balance at 31 December 2017 (Restated)		84 000 000	36 179 272	2 001 797	21 774 666	(21 590 996)	122 364 739
Pension plan - actuarial gain/(loss)	33.1	-	-	-	(166 327)	-	(166 327)
Pension plan - deferred tax liability	15	-	-	-	37 424	-	37 424
Other comprehensive income		-	-	-	(128 903)	-	(128 903)
Other variations in equity		-	-	-	5 611	-	5 611
Appropriation of consolidated net loss for the year for the year ended 31 December 2017 (restated)	27	-	-	-	(21 590 996)	21 590 996	-
Consolidated net profit for the year ended 31 December 2018		-	-	-	-	3 139 284	3 139 284
Balance at 31 December 2018		84 000 000	36 179 272	2 001 797	60 378	3 139 284	125 380 731

The accompanying notes for an integral part of the consolidated statement of changes in equity for the year ended 31 December 2018

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED

FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

(Amounts stated in Euros)

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

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<u>OPERATING ACTIVITIES</u>			
Cash receipts from customers		172 702 844	198 462 666
Cash paid to suppliers		(110 323 919)	(128 466 646)
Cash paid to employees		<u>(44 002 126)</u>	<u>(53 881 822)</u>
Cash generated from operations		18 376 799	16 114 198
Payments relating to income taxes		(3 091 086)	(1 546 108)
Other cash paid relating to operating activities		<u>(690 944)</u>	<u>(455 113)</u>
Net cash from operating activities (1)		<u><u>14 594 769</u></u>	<u><u>14 112 977</u></u>
<u>INVESTING ACTIVITIES</u>			
Cash received relating to:			
Interests		329 175	308 640
Subsidies		523 295	256 285
Alienation of financial investments	20	10 000	-
Current assets classified as held for sale	26	2 400 000	-
Dividends and capital reductions of associates	20	-	180 000
Tangible fixed assets		-	13 333
Investment Property	21	-	640 000
Refund of the excess funding of the Pension Fund	33	-	211 000
		<u>3 262 470</u>	<u>1 609 258</u>
Cash paid relating to:			
Tangible fixed assets		(6 092 725)	(4 029 899)
Intangible assets		<u>(45 147)</u>	<u>(137 002)</u>
		<u>(6 137 872)</u>	<u>(4 166 901)</u>
Net cash used in investing activities (2)		<u><u>(2 875 402)</u></u>	<u><u>(2 557 643)</u></u>
<u>FINANCING ACTIVITIES</u>			
Cash received relating to:			
Bank borrowings	27	<u>53 368 322</u>	<u>22 596 572</u>
		<u>53 368 322</u>	<u>22 596 572</u>
Cash paid relating to:			
Bank borrowings	27	(53 177 680)	(26 945 173)
Interests and similar costs		<u>(6 807 720)</u>	<u>(6 391 588)</u>
		<u>(59 985 400)</u>	<u>(33 336 761)</u>
Net cash used in investing activities (3)		<u><u>(6 617 078)</u></u>	<u><u>(10 740 189)</u></u>
Net (decrease)/increase in cash and cash equivalents (4) = (1) + (2) + (3)		5 102 289	815 145
Captive fixed-term deposit	25	-	(640 000)
Cash and cash equivalents at the beginning of the year	25	(1 799 368)	(1 974 513)
Cash and cash equivalents at the end of the year	25	3 302 921	(1 799 368)

The accompanying notes form an integral part of the consolidated cash flow statement for the year ended 31 December 2018.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(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.

The Board of Directors of Impresa approved these financial statements for publication on February 28, 2019.

During the second half of 2017, the Group decided to sell a range of press titles (portfolio of magazines) as part of a process of repositioning its activity with a primary focus on the audio-visual and digital sectors.

The press titles, which together constituted the Group's portfolio of magazines, were included in the Publishing segment, sharing various revenues and expenses with the other publications of the segment, and therefore did not constitute a cash-generating unit or an autonomous segment. Therefore, the Group concluded that the conditions considered in IFRS 5 for presentation as a discontinued operation were not met; so, all the notes related to profit and loss items as of December 2017, include the income and expenses generated by those publications, which is the reason for an overall decrease in the amounts stated in the consolidated statements of profit and loss and other comprehensive income as of December 31, 2018 compared to the previous year.

The sale of the above mentioned portfolio of magazines, including a set of related assets and liabilities, was concluded on January 2, 2018, with the signing of the respective sale agreement, whereby Impresa Publishing sold the press titles Activa, Caras, Caras Decoração, Courier Internacional, Exame, Exame Informática, Jornal de Letras, Tele Novelas, TV Mais, Visão, Visão História and Visão Junior, to the company Trust in News, Unipessoal, Lda.. The sale was made at the nominal amount of 10,200,000 Euros, receivable during two and a half years, pursuant to the Strategic Plan for 2017 2019 and the repositioning of the Groups activity focusing primarily on the audiovisual and digital. (Note 26).

2. MAIN ACCOUNTING POLICIES

(i) 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), prepared 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, available about the future. As result of this analysis, the Board of Directors, considering the perspectives of cash-flow generation, the credit limits available for use, the renewable amount of credit lines and the on-going negotiation of new loans, which it expects to conclude successfully in the short term, 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).

2.2 Accounting policies

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

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

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 2018.

Adoption of new or revised IAS/IFRS

Except for the adoption of IFRS 9 and IFRS 15, which led to the restatement of the comparative financial statements, the accounting policies used in the year ended 31 December 2018 are consistent with those used for the preparation of the consolidated financial statements of Impresa for the year ended 31 December 2017 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 2018:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 9 – Financial Instruments	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, for 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 programs; IFRIC 15 – Agreements for the constructing of real estate; IFRIC 18 – Transfer of assets from costumers and SIC 31 – Revenue – Barter transactions involving advertising services.
IFRS 15 – Revenue from Contracts with customers, clarifications	01-jan-18	These amendments introduce several clarifications in order to eliminate the possibility of divergent interpretations of various issues.
Amendments to IFRS 4 : Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	01-jan-18	This amendment provides approaches permitted when applying IFRS 4 with IFRS 9. The IFRS 4 Insurance Contracts will be superseded by IFRS 17.
Amendments to IFRS 2 : Classification and measurement of share based payment transactions	01-jan-18	The amendments introduce several clarifications related to (i) The accounting of transactions of payments based with shares that are settled in cash; (ii) the accounting of modifications in transactions of payments based in shares (from settled in cash to settled with equity instruments); (iii) the classification of share-based payment transactions with net settlement features.
Improvements to international financial statement standards (2014-2016 cycle)	01-01-2018	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 standards to its application to interests classified as held for sale or held for distribution under IFRS 5; IAS 28 - Investments in Associates and Jointly Controlled Entities: introduces clarifications over the fair value measurement of investments in associated or joint ventures held by venture capital companies or investment funds.
IFRIC 22 - Transactions in foreign currency and advances	01-jan-18	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.
Amendments to IAS 40 - Investment Properties	01-jan-18	These amendments clarify that the change of classification from or to investment property should only be made when there are evidences of a change in the use of the asset.

On January 1, 2018 the entry into force of IFRS 9 and IFRS 15 had the following effects on the Group's financial statements at that date:

(i) IFRS 9 – Financial Instruments

Based on an analysis of the Group's financial assets and liabilities the Group's Board of Directors assessed the impact of the adoption of IFRS 9 on the consolidated financial statements as follows:

(Amounts stated in Euros)

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

Classification and measurement

The measurement of all financial instruments will continue to be on the same basis as currently under IAS 39. Therefore, the captions accounts receivable, accounts payable and financing obtained will continue to be measured at amortized cost under IFRS 9.

Impairments

Financial assets measured at amortized cost, as presented in Note 36, will be subject to impairment under IFRS 9 and determined in accordance with the expected credit loss model.

The Group applied the simplified approach to recognize expected credit losses in trade accounts receivable as required or permitted by IFRS 9.

Thus, the Board of Directors believes that the application of the credit loss model resulted in the early recognition of credit losses for the corresponding assets which in January 1, 2017 and December 31, 2017 amounted to, approximately, 378.000 Euros and 315.000 Euros respectively.

(ii) IFRS 15 – Revenue from Contracts with customers

Regarding to the Group's revenues, the Board of Directors made the following assessments for each of these businesses:

- Broadcasting of advertisements, publication of advertisements and value-added services relating to contests and telephone-based initiatives: Following the adoption of IFRS 15, in particular with regard to the identification of the customer, in transactions related to value added services related to contests and initiatives with telephone participation, a set of costs was identified that were being recognized as a deduction from the income from the services rendered, which began to be recognized as costs. Accordingly, in the condensed consolidated statement for the year ended December 31, 2017, 337.311 Euros were reclassified from "Services rendered" to "Supplies and services".
- Television broadcast rights: As a result of the adoption of IFRS 15, with respect to the identification of transactions prices, related to the transmission signal rights, a set of costs were identified that were being recognized as such, which are part of the price of the respective transaction. Accordingly, in the consolidated statement for the year ended December 31, 2017, 3.841.767 Euros were reclassified from "Supplies and services" to "Services Rendered".
- Broadcasting content rights ceded: Regarding the transfer of content rights by the Group to other markets, the Group assessed that the performance obligation is fulfilled when the control of the content is transferred through its delivery, and there are no other significant performance obligations to be fulfilled thereafter. Therefore, it is expected that the recognition of the respective income will occur at a moment in time, after the delivery of the contents, similar to what the Group was applying under IAS 18.
- Books and publications sales: The business concerning the sale of publications incorporates a single performance obligation that is fulfilled when the newspapers are available in the newsstands or in digital platforms. Therefore, that the recognition of the corresponding income occurs at a moment in time, after the availability of the publications, similar to what the Group was applying under IAS 18.
- Projects implementation in geographic information systems area (GIS): Regarding projects in the GIS area, the Group believes that the obligation to perform the delivery of the production service, due to its nature, occurs throughout the time, as the product is made and delivered. It is understood that there is no significant difference between the deliveries of the respective projects and when the Group incurs the costs of its execution.

The Board of Directors decided to adopt the full retrospective method of transition to IFRS 15 in the preparation of the consolidated financial statements for the year ending December 31, 2018, restating its financial statements as of January 1, 2017 and December 31, 2017, as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

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

	1 January 2017	31 December 2017
Equity	144.241.685	122.679.430
Adjustments in Retained Earnings	(377.732)	(377.732)
Adjustments in Net Results	-	63.041
	<u>(377.732)</u>	<u>(314.691)</u>
Equity (Restated)	<u>143.863.953</u>	<u>122.364.739</u>

The effects on the consolidated statement of financial position in January 1, 2017, resulting from the application of the above-mentioned standards, are detailed as follows:

	1 January 2017	Application of IFRS 9	1 January 2017 (restated)
<u>Current assets</u>			
Trade and other receivables	37.631.796	(377.732)	37.254.064
Total assets	<u>413.983.936</u>	<u>(377.732)</u>	<u>413.606.204</u>
<u>Equity</u>			
Retained earnings and other reserves	19.520.330	(377.732)	19.142.598
Total Equity	<u>144.241.685</u>	<u>(377.732)</u>	<u>143.863.953</u>
Total Liabilities	<u>269.742.251</u>	<u>-</u>	<u>269.742.251</u>
Total Equity and Liabilities	<u>413.983.936</u>	<u>(377.732)</u>	<u>413.606.204</u>

The effects on the consolidated statement of financial position in December 31, 2017, resulting from the application of the above-mentioned standards, are detailed as follows:

	31 December 2017	Application of IFRS 9	31 December 2017 (restated)
<u>Current assets</u>			
Trade and other receivables	36.573.551	(314.691)	36.258.860
Total assets	<u>388.616.842</u>	<u>(314.691)</u>	<u>388.302.151</u>
<u>Equity</u>			
Retained earnings and other reserves	22.152.398	(377.732)	21.774.666
Consolidated net profit/loss for the year	(21.654.037)	63.041	(21.590.996)
Total Equity	<u>122.679.430</u>	<u>(314.691)</u>	<u>122.364.739</u>
Total Liabilities	<u>265.937.412</u>	<u>-</u>	<u>265.937.412</u>
Total Equity and Liabilities	<u>388.616.842</u>	<u>(314.691)</u>	<u>388.302.151</u>

As result of the above adjustments, the consolidated statement of profit and loss and other comprehensive income for the period ended December 31, 2017 was restated as follows:

	31 December 2017	Application of IFRS 9	Application of IFRS 15	31 December 2017 (restated)
<u>Operational Profits</u>				
Services Rendered	176.666.775	-	(3.504.456)	173.162.319
<u>Operational Costs</u>				
Supplies and services	(50.470.090)	-	3.504.456	(46.965.634)
Provisions and impairment losses	(23.949.707)	63.041	-	(23.886.666)
Operational Results	<u>(13.035.733)</u>	<u>63.041</u>	<u>3.504.456</u>	<u>(12.972.692)</u>
Consolidated net profit/loss for the year	<u>(21.654.037)</u>	<u>63.041</u>	<u>-</u>	<u>(21.590.996)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

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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		Brief description
IFRS 16 – Leases	01-jan-19	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 lessee 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.
Amendment to IFRS 9 - Prepayment with negative compensation features	01-jan-19	This amendment allows that financial assets with contractual conditions that define, in anticipated reimbursement, the payment on a considerable amount by the creditor, may be measured at amortized cost, or at fair value through reserves (depending on the business model) provided that: (i) on the date of initial recognition of the asset, the fair value of the anticipated repayment fair value is insignificant and (ii) the possibility of negative compensation within the anticipated repayment is the only reason for the asset in question not to be considered an instrument only including payments of principal and interest.
IFRIC 23 - Uncertainty over Income Tax Treatments	01-jan-19	The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments.

These standards were not adopted by the Group in 2018, since their application is not mandatory. As a result of the application of these standards, impacts are only expected from the adoption of IFRS 16, as follows:

IFRS 16 – Leases

The initial adoption date of IFRS 16 for the Group will be January 1, 2019.

The Group expects to opt for the modified retrospective transition model of IFRS 16, provided for in paragraphs IFRS 16: C3 (b), C7 and C8.

Consequently, the Group intends to use the practical expedient of not to reassess whether a contract is, or contains, a lease, having made an overall assessment of the new definition and evaluated all the contracts made or modified before 1 January 2019. The Group shall not restate comparative financial information, recording at the transition date the liability related to future payments, and an asset under equal rights of use.

The Board of Directors estimates that the entry into force of IFRS 16 in the year ending on January 1, 2019, may have the following effects on the Group's financial statements in the year ending December 31, 2019:

Operating leases

Under IAS 17, future liabilities with operating leases are disclosed in the accompanying notes as commitments assumed not included in the statement of financial position. IFRS 16 will change the way the Group accounts leases previously classified as operating, and will record future liabilities and rights in the consolidated statement of financial position.

In the initial application of IFRS 16, the Group shall:

- recognise lease liabilities and assets under right-of-use asset in the consolidated statement of financial position, measured at present value of the future payments of each lease;
- recognize financial expenses on lease liabilities and depreciation of right-of-use assets in the consolidated income statement by nature;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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- Separate amounts paid between principal and interest (presented as financing activities) in the consolidated statement of cash flows.

Short-term leases (term of 12 months or less) and low value leases (as described in paragraphs B3-B8 of IFRS 16), the Group will choose to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

The lessee shall apply IAS 36 - Impairment of Assets to determine whether the asset under right-of-use is impaired and to account for any identified impairment loss.

At December 31, 2018, the Group has non-cancellable lease commitments of approximately 2.715.716 Euros (Note 33).

The preliminary assessment carried out by the Board of Directors indicates that, of the lease agreements entered into by the Group that cannot be canceled on December 31, 2018, the Group will recognize a right-to-use asset of, approximately, 1.700.000 Euros and the corresponding lease liability of equal amount. The valuation made by the Board of Directors estimates that the application of IFRS 16 would have an impact, as of December 31, 2018, of approximately 750.000 Euros resulting in a reduction of External Supplies and Services in this amount, and an increase in depreciation in, approximately 706.000 Euros and of the financial expenses in approximately 146.000 Euros. The impact of adopting IFRS 16 will increase operating cash flows by approximately 750.000 Euros and affect negatively cash flows of financing in the same amount. Under IAS 17, all lease payments for operating leases are presented as part of the operating cash flows.

Leases

In the initial application, the Group will present the assets acquired under financial lease contracts, currently registered under tangible fixed assets, in the caption rights-of-use asset and the respective lease liability, currently recorded under loans obtained, in a separate caption in the consolidated statement of financial position for lease liabilities.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

(Amounts stated in Euros)

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Standard / Interpretation	Brief description
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	These amendments has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
Amendments to IAS 19 - Plan amendments, curtailments or settlements	If a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. • In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement of the plan.
Amendments to Conceptual Framework	Amendments to several standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) on march 2018 revised Conceptual Framework. The revised Conceptual Framework provides updated definitions and recognition criteria for assets and liabilities and clarifies some concepts, such as, measurement, derecognition, presentation and disclosure.
Definition of a Business (Amendments to IFRS 3)	Corresponds to amendments in the Definition of a Business, intending to clarify the identification of business acquisition or acquisition of a group of assets. The revised definition clarifies also the definition of business output as the supply of goods or services to clients. The amendment includes examples for the identification of a business acquisition.
The definition of materiality (Amendments to IAS 1 and IAS 8)	material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements,. the definition of materialin IAS 8 follows the defintion in IAS 1. The amendment also changes the definition of material in other standards to ensures consistency.

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 2018. From the above referred standards, the Group understands that their adoption will not lead to significant changes in its consolidated financial statements.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

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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.

Annually, the Group makes an assessment of impairment indicators of investments in associated companies, and when these are corroborated, the Group makes impairment analyses to determine the recoverable amount, 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.

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

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(Amounts stated in Euros)

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

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 Non-current assets held for sale

Non-current assets are classified as held for sale if their book value is recovered essentially through a sale transaction and not through continuous use. This condition is considered to be fulfilled only when the asset (or group of assets to be disposed of) is available for immediate sale in its current condition, subject only to terms that are usual for sales of that asset (or group of assets to be disposed of) and its sale is highly likely. It is understood that a non-current asset is held for sale when there is the expectation of the Board of Directors that the sale of these assets will be completed within one year from the date of classification.

Non-current assets (or group of assets to be disposed of) classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal.

2.6 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.

2.7 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 when 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:

	<u>Years</u>
Buildings and other constructions	4 – 50
Machinery and equipment	3 – 10
Transport equipment	4 – 8

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Administrative equipment	3 – 10
Other tangible fixed assets	4 – 8

2.8 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.

2.9 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.

2.10 Financial instruments

2.10.1 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.

Expected credit losses on these financial assets are estimated using a matrix of losses prepared based on the historic experience of impairment in accounts receivable of the Group by type of transactions, adjusted by specific conditions of the debtors, general economic conditions and an evaluation of both the current conditions and the prediction of conditions at the reporting date, including the time value of money, whenever appropriate.

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. Besides the expected losses in accounts receivable, 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 amortised cost less eventual impairment losses. In measuring amortised 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.

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2.10.2 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.

2.10.3 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.

2.10.4 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.

2.11 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.

2.12 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.

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Provisions for restructuring costs are only recognized when a detailed formal plan exists identifying the main characteristics of the plan and 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.

2.13 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).

2.14 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.

2.15 Subsidies

State subsidies 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.

2.16 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 the

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control over the goods and services is 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, are estimated in accordance with historic information, and are included in the revenues from the transaction, as well as in the amounts invoiced to clients. 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, 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 free-to-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 control is transferred and the income can be reliably estimated and is probable. Revenue from this transaction is affected by several costs that belong to the same performance obligation.

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
Contents rights ceded	Services rendered	In the moment the rights are ceded
Projects implementation in geographic information systems area (GIS)	Services rendered	During the period of execution of the project

2.17 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.

2.18 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.

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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.

2.19 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.

2.20 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.

2.21 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 2018, there were no changes in accounting policies in relation to those used in the consolidated financial statements for the year ended 31 December 2017, with exception for the adoption of IFRS 9 and IFRS 15, whose impact led to the restatement of the comparative financial statements.

The more significant accounting estimates reflected in the consolidated financial statements as of 31 December 2018 and 2017 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;
- Impairment adjustments of Investment properties;
- Definition of technical actuarial assumptions and bases;
- Classification and measurement of assets held for sale;
- Commercial discounts to the main customers.

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.

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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 2018 and 2017 are as follows:

Company	Head office	Main activity	Percentage effectively held	
			2018	2017
Impresa - Sociedade Gestora de Participações Sociais, S.A. (parent company)	Lisbon	Holding company	Parent	Parent
Impresa Publishing, S.A. ("Impresa Publishing")	Paço de Arcos	Publishing	100,00%	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%

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 2018 and 2017 are as follows:

Company	Head office	Percentage effectively held	
		2018	2017
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")	Lisbon	7,69%	21,43%

(a) These participations are held directly by Impresa.

6. OTHER COMPANIES

The investments in other companies and the proportion of capital held in them by the Group at 31 December 2018 and 2017 are as follows:

Company	Percentage effectively held	
	2018	2017
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 SGPS in April 2013.

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

7. CHANGES IN THE GROUP

During the year ended December 31, 2018 and 2017 there were no changes in the Group's consolidation perimeter.

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

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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 newspapers, books and other publications, including the weekly newspaper “Expresso”.

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 4.7% and 8.9%, respectively, of the Group’s revenue reflected in the consolidated statement of profit and loss and other comprehensive income for the years ended 31 December 2018 and 2017, corresponding to 8.056.062 Euros and 17.659.015 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.

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 a) Reporting by main segment – Business segment:
At 31 December 2018:

	Television	Publishing	Other	Total segments	Eliminations	Consolidated total
<u>Operating revenue</u>						
Services rendered - external costumers	143.902.299	14.082.328	2.320.138	160.304.765	-	160.304.765
Services rendered - intersegment	33.276	41.322	5.912.395	5.986.993	(5.986.993)	-
Sales - external costumers	-	9.841.484	-	9.841.484	-	9.841.484
Other operating revenue - external costumers	1.284.392	308.024	424.092	2.016.508	-	2.016.508
Other operating revenue - intersegment	89.975	-	-	89.975	(89.975)	-
Total operating revenue	145.309.942	24.273.158	8.656.625	178.239.725	(6.076.968)	172.162.757
<u>Operating costs</u>						
Cost of programs broadcast and goods sold	(71.434.308)	(2.321.805)	-	(73.756.113)	-	(73.756.113)
External supplies and services	(26.270.817)	(11.132.235)	(4.512.872)	(41.915.924)	6.076.968	(35.838.956)
Personnel costs	(26.875.147)	(9.503.500)	(6.678.899)	(43.057.546)	-	(43.057.546)
Depreciation and amortization of tangible and intangible fixed assets	(2.760.878)	(108.805)	(651.649)	(3.521.332)	-	(3.521.332)
Provisions and Impairment losses (Note 29)	(95.883)	(2.610.000)	(72.349)	(2.778.232)	-	(2.778.232)
Other operating costs	(728.138)	(127.248)	(544.738)	(1.400.124)	-	(1.400.124)
Total operating costs	(128.165.171)	(25.803.593)	(12.460.507)	(166.429.271)	6.076.968	(160.352.303)
Operating profit/(loss)	17.144.771	(1.530.435)	(3.803.882)	11.810.454	-	11.810.454
<u>Financial items:</u>						
Gain and loss on associated companies	-	-	430.544	430.544	-	430.544
Other financial items	(1.113.496)	(387.623)	(4.420.934)	(5.922.053)	-	(5.922.053)
	(1.113.496)	(387.623)	(3.990.390)	(5.491.509)	-	(5.491.509)
<u>Operating profit/(loss) before taxes</u>	16.031.275	(1.918.058)	(7.794.272)	6.318.945	-	6.318.945

At 31 December 2017 (Restated):

	Television	Publishing	Other	Total segments	Eliminations	Consolidated total
<u>Operating revenue</u>						
Services rendered - external costumers	148.938.659	21.915.128	2.308.532	173.162.319	-	173.162.319
Services rendered - intersegment	304.281	53.149	6.400.400	6.757.830	(6.757.830)	-
Sales - external costumers	-	24.012.138	-	24.012.138	-	24.012.138
Other operating revenue - external costumers	864.407	190.227	87.662	1.142.296	-	1.142.296
Other operating revenue - intersegment	92.861	-	-	92.861	(92.861)	-
Total operating revenue	150.200.208	46.170.642	8.796.594	205.167.444	(6.850.691)	198.316.753
<u>Operating costs</u>						
Cost of programs broadcast and goods sold	(75.484.492)	(5.207.021)	-	(80.691.513)	-	(80.691.513)
External supplies and services	(28.119.509)	(21.277.785)	(4.419.031)	(53.816.325)	6.850.691	(46.965.634)
Personnel costs	(26.154.439)	(20.306.153)	(6.613.380)	(53.073.972)	-	(53.073.972)
Depreciation and amortization of tangible and intangible fixed assets	(2.863.627)	(122.588)	(665.330)	(3.651.545)	-	(3.651.545)
Provisions and Impairment losses (Note 29)	(1.718.967)	(22.115.143)	(52.556)	(23.886.666)	-	(23.886.666)
Other operating costs	(2.242.277)	(187.397)	(590.441)	(3.020.115)	-	(3.020.115)
Total operating costs	(136.583.311)	(69.216.087)	(12.340.738)	(218.140.136)	6.850.691	(211.289.445)
Operating profit/(loss)	13.616.897	(23.045.445)	(3.544.144)	(12.972.692)	-	(12.972.692)
<u>Financial items:</u>						
Gain and loss on associated companies	-	-	126.627	126.627	-	126.627
Other financial items	(1.598.527)	(424.907)	(4.832.693)	(6.856.127)	-	(6.856.127)
	(1.598.527)	(424.907)	(4.706.066)	(6.729.500)	-	(6.729.500)
<u>Operating profit/(loss) before taxes</u>	12.018.370	(23.470.352)	(8.250.210)	(19.702.192)	-	(19.702.192)

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

At 31 December 2018:

	Television	Publishing	Other	Total of segments	Eliminations	Consolidated total
Goodwill	17.499.139	-	251.123.682	268.622.821	-	268.622.821
Investments	6.235	7.470	4.026.361	4.040.066	-	4.040.066
Assets classified as held for sale	3.200.000	-	-	3.200.000	-	3.200.000
Other assets	126.942.707	31.083.907	32.857.333	190.883.947	70.032.614	120.851.333
Total assets	147.648.081	31.091.377	288.007.376	466.746.834	70.032.614	396.714.220
Bank borrowings	56.176.720	11.856.658	120.777.554	188.810.932	-	188.810.932
Other liabilities	67.320.508	16.081.782	69.152.881	152.555.171	(70.032.614)	82.522.557
Total liabilities	123.497.228	27.938.440	189.930.435	341.366.103	(70.032.614)	271.333.489
Other information:						
Increases in tangible fixed assets (Note 19)	8.995.033	374.632	6.752.835	16.122.500	-	16.122.500
Depreciation and amortization for the year	2.760.879	108.804	651.649	3.521.332	-	3.521.332
Impairment losses except goodwill (Note 29)	268.050	28.920	-	296.970	-	296.970
Reversal of impairment losses, except goodwill (Note 29)	791.333	-	55.834	847.167	-	847.167
Use of impairment losses, except goodwill (Note 29)	-	13.805	-	13.805	-	13.805
Average number of personnel	565	203	127	895	-	895

At 31 December 2017 (Restated):

	Television	Publishing	Other	Total of segments	Eliminations	Consolidated total
Goodwill	17.499.139	-	251.123.682	268.622.821	-	268.622.821
Investments	6.235	12.470	3.595.816	3.614.521	-	3.614.521
Assets classified as held for sale	3.200.000	10.645.466	-	13.845.466	-	13.845.466
Other assets	90.115.086	14.776.280	25.059.466	129.950.832	(27.731.490)	102.219.342
Total assets	110.820.460	25.434.216	279.778.964	416.033.640	(27.731.490)	388.302.150
Bank borrowings	26.841.784	14.234.792	141.172.455	182.249.031	-	182.249.031
Liabilities related to assets classified as held for sale	-	1.930.741	-	1.930.741	-	1.930.741
Other liabilities	62.790.739	15.786.787	30.911.604	109.489.130	(27.731.490)	81.757.640
Total liabilities	89.632.523	31.952.320	172.084.059	293.668.902	(27.731.490)	265.937.412
Other information:						
Increases in tangible fixed assets (Note 19)	980.051	175.649	3.897.544	5.053.244	-	5.053.244
Depreciation and amortization for the year	2.735.503	91.742	824.300	3.651.545	-	3.651.545
Impairment losses except goodwill (Note 29)	2.993.852	-	31.676	3.025.528	-	3.025.528
Impairment losses of goodwill (Note 17)	-	21.965.668	-	21.965.668	-	21.965.668
Reversal of impairment losses (Note 29)	261.376	28.157	-	289.533	-	289.533
Utilization of impairment losses (Note 29)	724.556	79.966	4.300	808.822	-	808.822
Average number of personnel	563	374	132	1.069	-	1.069

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 2018 and 2017 were as follows:

	Portugal		Other markets		Consolidated total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
Services rendered	154.317.772	166.446.472	5.986.993	6.715.847	160.304.765	173.162.319
Sales	9.841.484	24.012.138	-	-	9.841.484	24.012.138
Other operating income	2.016.508	1.142.296	-	-	2.016.508	1.142.296
Total operating income	166.175.764	191.600.906	5.986.993	6.715.847	172.162.757	198.316.753

At 31 December 2018 and 2017, 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 2018 and 2017 relate to the Portugal geographic segment.

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 9. SERVICES RENDERED AND SALES BY ACTIVITY

Services rendered and sales for the years ended 31 December 2018 and 2017 were as follows:

	2018	2017 (Restated)
Services rendered:		
Television		
Advertising	97.448.776	98.167.745
Subscription to channels	36.857.597	39.625.035
Multimedia	6.474.786	8.412.580
Others	3.121.140	2.733.299
	<u>143.902.299</u>	<u>148.938.659</u>
Publishing:		
Advertising	12.616.068	20.821.692
Others	1.466.260	1.093.436
	<u>14.082.328</u>	<u>21.915.128</u>
Others:		
Digital mapping	1.676.256	2.253.770
Others	643.882	54.762
	<u>2.320.138</u>	<u>2.308.532</u>
Total services rendered	<u>160.304.765</u>	<u>173.162.319</u>
Sales:		
Publications	9.326.920	22.910.919
Others - publishing	514.564	1.101.219
Total sales	<u>9.841.484</u>	<u>24.012.138</u>
Total services rendered and sales	<u>170.146.249</u>	<u>197.174.457</u>

 10. OTHER OPERATING REVENUES AND COSTS

Other operating revenues for the years ended 31 December 2018 and 2017 were as follows:

	2018	2017
Supplimentary income and other operating gains (a)	516.040	596.478
Subsidies	653.301	256.285
Reversal of impairment losses (Note 29.1)	847.167	289.533
	<u>2.016.508</u>	<u>1.142.296</u>

(a) In 2018 and 2017, this caption corresponded essentially to income received from sponsorships.

For the years ended 31 December 2018 and 2017, the caption “Other operating costs” was as follows:

	2018	2017
Impairment losses on receivables (Note 29.1)	296.970	1.791.577
Taxes	921.902	909.351
Subscriptions	132.218	183.730
Other operating costs	49.034	135.457
	<u>1.400.124</u>	<u>3.020.115</u>

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11. COST OF PROGRAMS BROADCAST AND GOODS SOLD

The cost of programs broadcast and goods sold in the years ended 31 December 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Programs broadcast	71.434.308	75.484.492
Raw materials consumed	2.043.808	4.746.553
Merchandise sold	<u>277.997</u>	<u>460.468</u>
	<u><u>73.756.113</u></u>	<u><u>80.691.513</u></u>

12. SUPPLIES AND SERVICES

This caption for the years ended 31 December 2018 and 2017 was made up as follows:

	<u>2018</u>	<u>2017</u> (Restated)
Specialized works	8.105.264	9.257.499
Subcontracts	5.514.705	9.081.547
Maintenance and repair	4.508.635	4.113.046
Prizes to be given	3.432.088	4.253.680
Communication	2.983.597	5.696.483
Rents and leases	2.742.662	3.006.896
Fees	2.612.060	3.551.585
Advertising	1.747.921	2.721.312
Other	<u>4.192.023</u>	<u>5.013.586</u>
	<u><u>35.838.955</u></u>	<u><u>46.695.634</u></u>

The variation in the captions “Subcontracts” and “Specialized work” occurred in the year ended 31 December 2018, compared to 2017 results essentially from the sale of the portfolio of magazines.

The variation in the captions “Prizes to be given” and “Communication”, occurred in the year ended 31 December 2018, compared to 2017, results from the reduction of the activity related to contests and initiatives with phone participation and corresponding prizes.

13. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
Salaries	32.470.326	38.235.287
Charges on remuneration and other personnel costs	9.103.238	9.879.629
Indemnities	<u>1.483.982</u>	<u>4.959.056</u>
	<u><u>43.057.546</u></u>	<u><u>53.073.972</u></u>

The variation occurred during the years ended 31 December 2018 compared to 2017, results from the restructuration carried in 2017 and with the sale of the magazines portfolio.

The average number of employees of the companies included in the consolidation in 2018 and 2017 was 895 and 1.069 respectively.

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14. NET FINANCIAL EXPENSES

Net financial expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Loss and gain on associated companies: (a)</u>		
Loss on associated companies	-	(51.571)
Gain on associated companies	430.544	178.198
	<u>430.544</u>	<u>126.627</u>
<u>Interest and other financial costs:</u>		
Interest	(5.206.394)	(5.649.309)
Exchange losses	-	(593.250)
Other financial costs (b)	(1.180.892)	(929.060)
	<u>(6.387.286)</u>	<u>(7.171.619)</u>
<u>Other financial income:</u>		
Interest	329.175	118.423
Exchange gain	135.418	189.934
Financial discount received	640	5.059
Other financial income	-	2.076
	<u>465.233</u>	<u>315.492</u>
Net financial expenses	<u>(5.491.509)</u>	<u>(6.729.500)</u>

(a) This caption is made up as follows:

	<u>2018</u>	<u>2017</u>
Vasp (Note 20)	181.514	(51.571)
Lusa (Note 20)	249.030	178.198
	<u>430.544</u>	<u>126.627</u>

(b) This caption corresponds essentially to commissions and 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;
- 9% on taxable profit exceeding 35,000,000 Euros.

Net financial costs for 2018 are deductible for determining the Group's annual taxable income up to the greater of the following limits:

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

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

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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 2018 and 2017.

Current tax assets and liabilities at 31 December 2018 and 2017 are made up as follows:

	2018	2017
<u>Current tax liabilities</u>		
Estimated tax	3.301.094	2.740.282
Additional payments on account	(441.738)	(419.252)
Payments on account	(1.477.323)	(641.268)
Special payments on account	(89.656)	(18.397)
Withholding income tax	(288.106)	(336.524)
	<u>1.004.271</u>	<u>1.324.841</u>

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 2018 and 2017:

(a) Temporary differences – Changes in deferred tax assets

31 December 2018:

	Deferred tax assets			Total
	Impairment losses on receivables	Provisions for other risks and charges	Impairment losses on investments properties	
Balance at 31 December 2017	530.894	669.784	405.206	1.605.884
Increase/(decrease)	265.951	(81.099)	-	184.851
Balance at 31 December 2018	<u>796.845</u>	<u>588.685</u>	<u>405.206</u>	<u>1.790.735</u>

31 December 2017:

	Deferred tax assets			Total
	Impairment losses on receivables	Provisions for other risks and charges	Impairment losses on investments properties	
Balance at 31 December 2016	380.406	372.152	65.869	818.427
Increase/(decrease)	150.488	297.632	339.337	787.457
Balance at 31 December 2017	<u>530.894</u>	<u>669.784</u>	<u>405.206</u>	<u>1.605.884</u>

(b) Temporary differences – Changes in deferred tax liabilities

31 December 2018:

	Pension plan
Balance at 31 December 2017	339.650
Increase/(decrease) affecting other comprehensive income	(37.424)
Increase/(decrease) affecting profit and loss	(47.144)
Balance at 31 December 2018	<u>255.082</u>

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31 December 2017:

	<u>Pension plan</u>
Balance at 31 December 2016	315.456
Increase/(decrease) affecting other comprehensive income	26.648
Increase/(decrease) affecting profit and loss	<u>(2.454)</u>
Balance at 31 December 2017	<u><u>339.650</u></u>

In accordance with current legislation, tax losses can be carried forward during a period of 5 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 2018 and 2017, the Group did not had tax losses carried forward.

c) Reconciliation of the tax rate

Income tax for the years ended 31 December 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017 (Restated)</u>
Pre-tax result	6.318.945	(19.702.192)
Nominal tax rate	<u>21%</u>	<u>21%</u>
	1.326.978	(4.137.460)
Permanent differences (i)	614.740	5.089.322
Adjustments to corporate income tax	252.641	289.267
Municipal and State Surcharge	874.740	709.242
(Excess) / insufficiency of corporate income tax estimate	110.562	(61.567)
Corporate income tax	<u>3.179.661</u>	<u>1.888.804</u>
Current tax	3.301.094	2.740.282
Deferred tax for the year	(231.995)	(789.911)
(Excess) / insufficiency estimate for prior period income tax	110.562	(61.567)
	<u>3.179.661</u>	<u>1.888.804</u>

(i) This amount at 31 December 2018 and 2017 is made up as follows:

	<u>2018</u>	<u>2017 (Restated)</u>
Effect of the application of the equity method (Note 20)	(430.544)	(126.627)
Impairment losses on goodwill (Note 17)	-	21.965.668
Interests non-deductible or in excess of legal limits	2.229.754	2.514.107
Other	<u>1.128.124</u>	<u>(118.280)</u>
	2.927.334	24.234.868
Tax rate	<u>21%</u>	<u>21%</u>
	<u>614.740</u>	<u>5.089.322</u>

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16. EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended 31 December 2018 and 2017 were computed based on the following information:

	<u>2018</u>	<u>2017</u> (restated)
<u>Number of shares</u>		
Weighted average number of shares for purposes of computing basic earnings per share (Note 27)	<u>168.000.000</u>	<u>168.000.000</u>
<u>Earnings</u>		
Earnings for purposes of computing basic earnings per share (net profit for the year)	<u>3.139.284</u>	<u>(21.590.996)</u>
Earnings for purposes of computing comprehensive earnings per share (comprehensive income for the year)	<u>3.010.381</u>	<u>(21.499.215)</u>
<u>Earnings per share:</u>		
Basic	0,0187	(0,1285)
Diluted	0,0187	(0,1285)
<u>Comprehensive income for the year per share:</u>		
Basic	0,0179	(0,1280)
Diluted	0,0179	(0,1280)

There were no diluting effects in the years ended 31 December 2018 and 2017 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 2018, except for the utilization in 2018 of the impairment loss recorded in 2017, resulting from the sale of the portfolio of magazines.

In the last quarter of 2017, the Group decided to sell a range of press titles that make up the magazine's portfolio, which was included in the publishing cash generating unit, having established a plan to carry out this operation. As a result, assets and liabilities, included in the transaction as of December 31, 2018, were classified as assets and liabilities held for sale (Note 26). Following the implementation of this plan, in line with the ongoing negotiations, it was determined that the estimated value of the sale of that portfolio would be approximately 10.200.000 Euros. For the purpose of allocating goodwill to the magazine portfolio, which was included in the publishing cash generating unit, it was taken into account the value of goodwill calculated in previous years in the acquisition of the entities holding of such magazines and registered in Medipress, before its incorporation in Impresa Publishing through the merger by incorporation of the first in the second. As result of the abovementioned, the Group recognized in 2017 an impairment loss of approximately 22.000.000 Euros (Note 29), corresponding to the difference between the amounts agreed for the transaction and the goodwill portion originated in the acquisition of those entities. With the completion of this transaction in 2018, the Group utilized the said impairment loss.

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Goodwill at 31 December 2018 and 2017 is made up as follows:

Company	2018	2017
Television:		
Recorded by the holding companies	228.524.334	228.524.334
Recorded by SIC	17.499.139	17.499.139
	<u>246.023.473</u>	<u>246.023.473</u>
Publishing:		
Recorded by the holding companies	20.130.334	20.130.334
	<u>20.130.334</u>	<u>20.130.334</u>
Infoportugal:		
Recorded by Impresa	2.065.500	2.065.500
Recorded by InfoPortugal	403.514	403.514
	<u>2.469.014</u>	<u>2.469.014</u>
	<u>268.622.821</u>	<u>268.622.821</u>

In compliance with the provisions of IAS 36, 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 inflows generating assets that are largely independent of the cash inflows of other assets or groups of assets. Therefore, 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: From 31 December 2017, due to the portfolio of magazines sale plan, this cash generating unit corresponds to the titles Expresso and Blitz, 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 2018 and 2017, the Group requested a specialised external entity to test impairment of goodwill of Television and Publishing, 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 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.

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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 2018 in relation to past experience are as follows:

- Decrease of the publicity market except to the digital segment, with impact on the decrease of the television publicity growth, and increase of the reduction in the press.
- Increase of profits with value added calls and increase of profits with content production (themed channels and content sales).
- Increase of Expresso market share.
- Decrease in Pay-Tv revenues, associated to the contracts negotiation with operators (domestic and foreign).
- Increase of Expresso prices considering a reduction in the paper circulation and profit growth in the digital format.
- Reduction of the effect of the estimated synergies in the Publishing cost structure, arising from the sale of the magazines portfolio.

Impairment tests in the year ended 31 December 2018:

As a result of the impairment tests carried out, in the year ended 31 December 2018, 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 7.6% (7.7% at 31 December 2017) and a perpetuity growth rate of 2% (2% in 2017).

The main business assumptions considered were as follows:

- Advertising market: an annual compound growth rate throughout the period of the projections of 2%, for the market relating to generalist channels;
- Advertising and audience market share: these variables were considered constant and similar to those occurred in 2018 for the five year period of the projections;
- Programming cost: It was estimated a maintenance for 2019 of the verified costs in 2018; increasing marginally until 2022.
- 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 the Paço de Arcos building.

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 revenues of the cash generating unit over the period of the projection would not imply the need to record an impairment loss at 31 December 2018;

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- 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 2018;
- a 1% increase in the broadcast programs costs during the projection period would not imply the need to record an impairment loss in the year ended December 31, 2018;
- a decrease in the perpetuity growth rate to 1,5% would not imply the need to record an impairment loss at 31 December 2018.

The Group believes that the variations considered in the sensitivity analyses are reasonable considering current evolution and market prospects, the evolution of the diverse parameters considered in the projections and the current situation of the Portuguese economy.

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 6.7% (7.1% at 31 December 2017) and a perpetuity growth rate 0.5% (0.5% in 2017).

The main assumptions considered were as follows:

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

The Company made the following sensitivity analyses:

- a 1% decrease in advertising income of the cash generating unit over the period of the projection, which includes a negative average growth of 3,3% in the advertising target market, would not imply the need to record an impairment loss at 31 December 2018;
- a 1% decrease in the assumed discount rate over the years of the projections would not imply the need to record an impairment loss at 31 December 2018;
- a increase in the discount rate 0,5% would not imply the need to record an impairment loss at 31 December 2018.

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

The Group believes that the variations in the considered in the sensitivity analyzes are reasonable, not considering that it is probable that higher deviations will occur, considering the recent and prospective market evolution, the historical performance of the newspaper Expresso, the variation of the various parameters considered in the evaluation and the current Portuguese economic situation.

InfoPortugal:

The recoverable amount of this cash generating unit was determined considering the financial projections of the digital mapping business for a five year period using a discount rate of 8.02% (8.02% at 31 December 2018) and a perpetuity growth rate of 2% (2% in 2017).

The main assumptions considered in the projections for 2018 assume the continuing recovery of operations registered in 2017, considering a compound rate of annual maintenance of revenues over the projection period, and an annual increase of the cartography business and applications designed profits in the amount of 11.3% and 4.9%, respectively.

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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 2018.

18. INTANGIBLE ASSETS

The changes in intangible assets and related accumulated amortization and impairment losses in 2018 and 2017 were as follows:

31 December 2018:

	Industrial property and other rights	Software	Total
<u>Gross:</u>			
Balance at 31 December 2017	2.757.054	950.187	3.707.241
Purchases	-	45.147	45.147
Balance at 31 December 2018	<u>2.757.054</u>	<u>995.334</u>	<u>3.752.388</u>
<u>Accumulated amortization and impairment losses:</u>			
Balance at 31 December 2017	(2.743.837)	(649.541)	(3.393.378)
Increases	(1.911)	(197.576)	(199.487)
Balance at 31 December 2018	<u>(2.745.748)</u>	<u>(847.117)</u>	<u>(3.592.865)</u>
Net balance at 31 December 2018	<u>11.306</u>	<u>148.217</u>	<u>159.523</u>

31 December 2017:

	Industrial property and other rights	Software	Total
<u>Gross:</u>			
Balance at 31 December 2016	2.757.054	813.183	3.570.237
Purchases	-	137.004	137.004
Balance at 31 December 2017	<u>2.757.054</u>	<u>950.187</u>	<u>3.707.241</u>
<u>Accumulated amortization and impairment losses:</u>			
Balance at 31 December 2016	(2.730.624)	(403.792)	(3.134.416)
Increases	(13.213)	(245.749)	(258.962)
Balance at 31 December 2017	<u>(2.743.837)</u>	<u>(649.541)</u>	<u>(3.393.378)</u>
Net balance at 31 December 2017	<u>13.217</u>	<u>300.646</u>	<u>313.863</u>

Purchases of Intangible assets during the years ended 31 December 2018 and 2017 correspond essentially to updates and software licences of the Oracle program.

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 19. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and corresponding accumulated depreciation and impairment losses during the years ended 31 December 2018 and 2017 were as follows:

31 December 2018:

	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
<u>Gross:</u>								
Balance at 31 December 2017	2.245.593	23.477.475	107.515.474	158.639	26.183.588	333.341	4.416.983	164.331.092
Acquisitions	-	-	538.486	-	84.695	-	15.499.319	16.122.500
Sales and write-offs	-	-	(66.904)	-	(8.495)	-	(482.905)	(558.304)
Transfers	-	-	2.266	-	2.618	-	(4.884)	-
Balance at 31 December 2018	<u>2.245.593</u>	<u>23.477.475</u>	<u>107.989.322</u>	<u>158.639</u>	<u>26.262.406</u>	<u>333.341</u>	<u>19.428.513</u>	<u>179.895.288</u>
<u>Accumulated depreciation and impairment losses</u>								
Balance at 31 December 2017	-	(9.118.481)	(99.447.044)	(155.103)	(25.604.388)	(123.834)	-	(134.448.850)
Increase	-	(464.832)	(2.478.403)	(3.536)	(311.742)	(63.332)	-	(3.321.845)
Decreases due to sales and write-offs	-	-	28.556	-	4.593	-	-	33.149
Balance at 31 December 2018	-	<u>(9.583.313)</u>	<u>(101.896.891)</u>	<u>(158.639)</u>	<u>(25.911.537)</u>	<u>(187.166)</u>	-	<u>(137.737.546)</u>
Net balance at 31 December 2018	<u>2.245.593</u>	<u>13.894.162</u>	<u>6.092.431</u>	<u>-</u>	<u>350.869</u>	<u>146.175</u>	<u>19.428.513</u>	<u>42.157.742</u>

31 December 2017:

	Land and natural resources	Buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
<u>Gross:</u>								
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
Acquisitions	-	109.302	960.871	-	291.446	-	3.691.624	5.053.244
Sales and write-offs	-	-	(20.332)	-	(3.633)	-	-	(23.965)
Transfers	-	-	556.854	-	-	-	(556.854)	-
Balance at 31 December 2017	<u>2.245.593</u>	<u>23.477.475</u>	<u>107.515.474</u>	<u>158.639</u>	<u>26.183.588</u>	<u>333.341</u>	<u>4.416.983</u>	<u>164.331.092</u>
<u>Accumulated depreciation and impairment losses</u>								
Balance at 31 December 2016	-	(8.655.068)	(96.943.357)	(148.032)	(25.259.939)	(60.502)	-	(131.066.898)
Increase	-	(463.413)	(2.513.043)	(7.071)	(345.724)	(63.332)	-	(3.392.583)
Decreases due to sales and write-offs	-	-	9.356	-	1.275	-	-	10.631
Balance at 31 December 2017	-	<u>(9.118.481)</u>	<u>(99.447.044)</u>	<u>(155.103)</u>	<u>(25.604.388)</u>	<u>(123.834)</u>	-	<u>(134.448.850)</u>
Net balance at 31 December 2017	<u>2.245.593</u>	<u>14.358.994</u>	<u>8.068.430</u>	<u>3.536</u>	<u>579.200</u>	<u>209.507</u>	<u>4.416.983</u>	<u>29.882.242</u>

The acquisition of several broadcasting and television recording technical equipment, as well as the project of increase of the Paço de Arcos building which, as of 31 December 2018 was in progress, are the main acquisitions in 2018.

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

At 31 December 2018 and 2017 the Group had the following assets under finance leases:

	2018			2017		
	Gross	Accumulated depreciation and impairment losses		Gross	Accumulated depreciation and impairment losses	
		Net balance	Net balance		Net balance	Net balance
Buildings and other constructions	104.348	(16.304)	88.044	104.348	(3.261)	101.088
Machinery and equipment	592.789	(201.646)	391.143	592.789	(99.930)	492.859
Administrative equipment	121.960	(60.974)	60.986	121.960	(20.325)	101.636
Tangible assets in progress	8.719.128	-	8.719.128	-	-	-
	<u>9.538.225</u>	<u>(278.924)</u>	<u>9.259.301</u>	<u>819.097</u>	<u>(123.516)</u>	<u>695.583</u>

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20. INVESTMENTS

The changes in investments in the years ended 31 December 2018 and 2017 were as follows:

31 December 2018:

	Investments in associated companies	Investments in other companies	Total
Balance at 31 December 2017	3.595.158	19.363	3.614.521
Application of the equity method (Note 14)	430.544	-	430.544
Alienation	-	(10.000)	(10.000)
Other movements	-	5.000	5.000
Balance at 31 December 2018	<u>4.025.702</u>	<u>14.363</u>	<u>4.035.066</u>

31 December 2017:

	Investments in associated companies	Investments in other companies	Total
Balance at 31 December 2016	3.648.531	19.363	3.667.894
Application of the equity method (Note 14)	126.627	-	126.627
Dividend distributed by VASP	(180.000)	-	(180.000)
Balance at 31 December 2017	<u>3.595.158</u>	<u>19.363</u>	<u>3.614.521</u>

Investments in associated companies at 31 December 2018 and 2017 are comprised as follows:

31 December 2018:

Company	Head office	2018				Percentage effectively held	Amount of participation	Accumulated impairment losses (Note 29.1)	Net value of the asset
		Total assets	Total revenue	Equity	Net result				
Vasp	Cacém	40.218.110	222.475.796	9.071.219	409.870	33,33	3.023.438	-	3.023.438
Lusa	Lisbon	13.099.971	15.927.572	4.484.400	1.141.508	22,35	1.002.263	-	1.002.263
Visapress	Lisbon	n.a.	n.a.	n.a.	n.a.	7,69	5.000	(5.000)	-
							<u>4.025.701</u>	<u>(5.000)</u>	<u>4.025.701</u>

31 December 2017:

Company	Head office	2017				Percentage effectively held	Amount of participation	Accumulated impairment losses (Note 29.1)	Net value of the asset
		Total assets	Total revenue	Equity	Net result				
Vasp	Cacém	42.763.551	217.445.446	8.526.627	(118.718)	33,33	2.841.926	-	2.841.926
Lusa	Lisbon	12.061.072	15.324.419	3.370.163	720.693	22,35	753.232	-	753.232
Visapress	Lisbon	n.a.	n.a.	n.a.	n.a.	21,43	15.000	(15.000)	-
							<u>3.610.158</u>	<u>(15.000)</u>	<u>3.595.158</u>

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As a result of applying the equity method at 31 December 2018 and 2017, the following changes were recorded in the caption “Investments in associates”:

Company	2018			2017		
	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	181.514	-	181.514	-	(51.571)	(51.571)
Lusa	249.030	-	249.030	178.198	-	178.198
	<u>430.544</u>	<u>-</u>	<u>430.544</u>	<u>178.198</u>	<u>(51.571)</u>	<u>126.627</u>

Investments in other companies at 31 December 2018 and 2017 are made up as follows:

Company	2018			2017		
	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 net of impairment losses
NP	10,71%	18.704	(5.000)	13.704	10,71%	18.703
Nexponor	0,001%	660	-	660	0,001%	660
Others	n.d.	30.000	(30.000)	-	n.d.	-
		<u>49.364</u>	<u>(35.000)</u>	<u>14.364</u>		<u>19.363</u>

21. INVESTMENT PROPERTIES

Investment properties held by the Group at 31 December 2018 and 2017, are as follows:

Investment property	2018	2017
Land "FNAC" (a)	<u>1.478.489</u>	<u>1.478.489</u>

(a) This amount is net of impairment losses in the amount of 1.473.474 Euros (Note 29.1).

During the years ended 31 December 2018, there were no movements in the caption “Investment properties”.

During the year ended December 31, 2017, through a promissory agreement for sale and purchase, the Group entered into an agreement with a third party for the sale of a portion of the land denominated "FNAC Terrain", which, in that date was classified as held for sale. As a result of this agreement, the sale price was set at 3.200.000 Euros, of which 640.000 Euros were received as a signal, which are held captive until the deed is concluded, an impairment loss having been estimated for the entire land, based on the sales value per square meter defined in that contract. Consequently, the Board of Directors is convinced that the book value of this asset does not differ significantly from its fair value.

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

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22. PROGRAM BROADCASTING RIGHTS AND INVENTORIES

Program broadcasting rights at 31 December 2018 and 2017 are made up as follows:

	31 December 2018		31 December 2017	
	Non-current	Current	Non-current	Current
<u>Broadcasting rights</u>				
<u>Gross:</u>				
Program broadcasting rights	2.586.358	3.562.879	4.959.298	2.203.515
Advances on account of purchases	557.128	11.701.321	557.128	10.574.887
	<u>3.143.486</u>	<u>15.264.200</u>	<u>5.516.426</u>	<u>12.778.402</u>
<u>Impairment of realizable value:</u>				
Accumulated impairment of the realizable value (Note 29.1)	(557.128)	-	(557.128)	-
Net realizable value of the broadcasting rights	<u>2.586.358</u>	<u>15.264.200</u>	<u>4.959.298</u>	<u>12.778.402</u>
	31 December 2018		31 December 2017	
<u>Inventories:</u>				
Raw, subsidiary and consumable material	-	416.784	-	313.982
Work in progress	-	87.940	-	41.320
Net realizable value of inventories	<u>-</u>	<u>504.724</u>	<u>-</u>	<u>355.302</u>
Net realizable value of inventories and broadcasting rights	<u>2.586.358</u>	<u>15.768.924</u>	<u>4.959.298</u>	<u>13.133.704</u>

The caption "Advances on account of purchases" at 31 December 2018 and 2017 includes payments made by SIC to program suppliers under contracts entered into with these entities, relating to program broadcasting rights, which at that date were not available for broadcasting, corresponding essentially to soaps and sports rights.

At 31 December 2018 and 2017 the Group had no inventories pledged in guarantee of liabilities.

23. TRADE AND OTHER RECEIVABLES

This caption at 31 December 2018 and 2017 was made up as follows:

	31 December 2018			31 December 2017 (Restated)		
	Gross	Accumulated impairment Losses	Net	Gross	Accumulated impairment Losses	Net
		(Note 29.1)			(Note 29.1)	
Customers	41.557.360	(10.694.710)	30.862.650	45.561.010	(11.258.712)	34.302.298
Invoices to be issued:			-			-
Value added services	563.521	-	563.521	583.953	-	583.953
Television broadcasting rights of theme channels	566.978	-	566.978	694.861	-	694.861
Television broadcasting rights of generalist channels	167.370	-	167.370	208.535	-	208.535
Other amounts to be invoiced	210.228	-	210.228	469.213	-	469.213
	<u>43.065.457</u>	<u>(10.694.710)</u>	<u>32.370.747</u>	<u>47.517.572</u>	<u>(11.258.712)</u>	<u>36.258.860</u>

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24. OTHER NON-CURRENT AND CURRENT ASSETS

At 31 December 2018 and 2017, this caption was made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Other non-current assets:</u>		
Pension fund - Post employment benefits (Note 33.1)	1.133.697	1.300.454
Premius, S.A.	906.250	906.250
Digital telebroadcasting services (a)	561.178	623.530
Novimovest - Fundo de Investimento Imobiliário (b)	-	800.000
Others (c)	2.485.390	1.937.043
	<u>5.086.515</u>	<u>5.567.277</u>
<u>Other current assets:</u>		
Advances to suppliers	220.534	150.242
Other debtors		
Novimovest - Fundo de Investimento Imobiliário (b)	800.000	-
Subsidies receivable	571.978	441.972
Advances to employees	218.035	848.602
Deposit (d)	1.227.302	1.114.963
Others (c)	5.004.932	1.208.016
Prepayments:		
Licenses	196.492	445.400
Rent	100.401	84.160
Digital telebroadcasting services (b)	62.352	62.352
Financial charges	75.419	59.282
Insurance	57.066	41.372
Others	1.056.253	739.167
Taxes:		
Value added tax ("VAT") (f)	222.363	-
Other taxes	65	65
	<u>9.813.192</u>	<u>5.195.593</u>
	<u>14.899.707</u>	<u>10.762.870</u>

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

(b) Amount still receivable from the sale of the SIC building in 2004, which is dependent upon updating of the utilization licence, which the Board of Directors estimates it will be obtained in the short term.

(c) In December 31, 2018 the caption "Others" includes 6.166.090 Euros related to the amount receivable from Trust in News, S.A. ("TIN") related to the magazine portfolio sale which is under a payment plan (Note 26), as well as accounts receivable from Isabel Monteiro, Fantasy Day - Unipessoal, Lda. and Lemon- Entertainment, Lda., relating to the sale of 90% of Dialectus - Traduções Técnicas, Legendagem e Locução, Lda share capital, and 100% of iPlay - Som e Imagem, Lda., Respectively.

(d) As of 31 December 2018, and 2017, the amounts of 1.227.302 Euros and 1.114.963 Euros, correspond to the net amount of a dollar term deposit of 3.930.131 Euros and 6.253.648 Euros, respectively, and a loan contract of 2.702.829 Euros and 5.138.685 Euros at 31 December 2018 and 2017, 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.

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25. CASH AND CASH EQUIVALENTS

The caption "Cash and cash equivalents" included in the consolidated statement of cash flow as of 31 December 2018 and 2017 and reconciliation thereof to the amount of cash and cash equivalents reflected in the statement financial position as of those dates are as follows:

	<u>2018</u>	<u>2017</u>
Cash	57.314	65.264
Bank deposits	<u>9.581.794</u>	<u>3.758.869</u>
	9.639.108	3.824.133
Bank deposits captives	(640.000)	(640.000)
Bank overdrafts (Note 27)	<u>(5.696.187)</u>	<u>(4.983.501)</u>
	<u><u>3.302.921</u></u>	<u><u>(1.799.368)</u></u>

At December 31, 2018 and 2017, captive bank deposits are related to the sale process of a portion of the so-called "FNAC Terrain" (Note 21).

26. NON-CURRENT ASSETS HELD FOR SALE

In the years ended December 31 2018 and 2017, the assets classified as held for sale and associated liabilities, were as follow:

	<u>2018</u>	<u>2017</u>
Assets related to the magazine portfolio (a)		
<i>Goodwill</i> (b)	-	10.304.332
Operating assets allocated to the Magazine Portfolio	-	<u>341.134</u>
	-	<u><u>10.645.466</u></u>
Investments properties (c)	<u>3.200.000</u>	<u>3.200.000</u>
	<u><u>3.200.000</u></u>	<u><u>13.845.466</u></u>
Liabilities related to the magazine portfolio (a)	-	<u>1.930.741</u>

- a) In the last quarter of 2017, the Group decided to sell the portfolio of the magazines and established a plan for the execution of this operation, concluded in January 2018. Therefore, the assets and liabilities to be sold, were classified as assets and liabilities held for sale in December 2017. As a result of the sale in 2018, these amounts were materialized in an receivable account, which at December 31, 2018 amounted 6.166.090 Euros (whose nominal value is 6.300.000 Euros) with the following plan:

2019	4.200.000
2020	<u>2.100.000</u>
	<u><u>6.300.000</u></u>

- b) This caption includes an estimate of the sale value of the portfolio in the amount of 10.200.000 Euros and the remainder, to the net estimate of other assets and liabilities, associated with those, to be recovered and/or settled through the above-mentioned sale (Note 17).
- c) During the year ended December 31, 2017, by entering into a promise to buy and sell, the Group entered into an agreement with a third party for the sale of a portion of the land denominated "Terreno Fnac", which, on that date was classified as held for sale. As a result, the sale price was set at 3.200.000 Euros, of which 640.000 Euros were received as a sign, which are held captive until the deed is concluded (note 25).

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27. EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY

Share Capital: At 31 December 2018 and 2017 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:

	2018		2017	
	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
Madre - SGPS, S.A.	4,47%	3.750.622	4,63%	3.887.483
Santander Asset Management	4,18%	3.507.282	4,18%	3.507.282
BPI group	3,69%	3.100.000	3,69%	3.100.000
Newshold - SGPS, S.A.	2,40%	2.019.382	2,40%	2.019.382
Azvalor Asset Management	3,05%	2.562.793	2,80%	2.354.481
Norges Bank	2,78%	2.336.667	2,78%	2.336.667
Others	29,13%	24.465.960	29,21%	24.537.412
	100,00%	84.000.000	100,00%	84.000.000

Share premium: This caption corresponds to premiums obtained in capital increases made in previous years. According to current Portuguese legislation, the use of the amount included in this caption follows the regime applicable to the legal reserve, that is, it can not be distributed to shareholders, but may be used to absorb losses after all other reserves have been exhausted or incorporated in the capital.

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 2018, negative net result for the year ended 31 December 2017 in the amount of 4.797.627, presented in the non-consolidated financial statements of Impresa, was applied as follows:

Retained earnings	<u>4.797.627</u>
	<u>4.797.627</u>

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

As decided at the Shareholders' General Meeting held on 19 April 2017, net result for the year ended 31 December 2016 in the amount of 4.392.190 Euros, presented in the non-consolidated financial statements of Impresa, was appropriated as follows:

Other reserves	4.172.580
Legal Reserve	219.610
	<u>4.392.190</u>

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

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28. BANK BORROWINGS AND FINANCE LEASES
28.1 Bank Borrowings

As of December 31, 2018 and 2017 the balance of debts related to bank borrowings has the following composition:

Company	Lending entities	31 December 2018				31 December 2017			
		Book value		Nominal value		Book value		Nominal value	
		Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Impresa	Banco BPI, S.A. (a)	55.581.637	9.939.866	55.826.229	9.983.607	65.522.391	9.939.999	65.809.837	9.983.606
Impresa	Banco Popular, S.A. (b)	494.560	989.119	500.000	1.000.000	1.483.491	988.994	1.500.000	1.000.000
Impresa	Caixa Central de Crédito Agrícola Mútuco, C.R.L. (c)	-	1.344.843	-	1.350.000	1.343.745	1.343.744	1.350.000	1.350.000
Impresa	Banco BIC Português, S.A. (d)	-	4.172.253	-	4.187.500	-	6.165.723	-	6.200.000
Impresa	Bond loan (e)	-	-	-	-	-	29.915.914	-	30.000.000
SIC	Banco BPI, S.A. (f)	10.577.474	2.115.495	10.625.000	2.125.000	12.692.969	2.115.495	12.750.000	2.125.000
SIC	Caixa Central de Crédito Agrícola Mútuco, C.R.L. (c)	-	75.000	-	75.000	75.000	75.000	75.000	75.000
SIC	Montepio Geral (g)	-	4.615.315	-	4.666.667	-	-	-	-
IOSS	Novo Banco, S.A. (m)	20.008.357	1.395.267	21.507.592	1.653.892	-	-	-	-
Impresa Publishing	Montepio Geral (h)	535.766	1.285.839	536.779	1.288.271	1.804.202	2.273.549	1.804.203	2.273.548
Impresa Publishing	Banco Comercial Português, S.A. (i)	-	2.167.913	-	2.200.000	-	4.357.041	-	4.400.000
Impresa Publishing	Caixa Central de Crédito Agrícola Mútuco, C.R.L. (c)	-	75.000	-	75.000	75.000	75.000	75.000	75.000
	Factorings (l)	5.823.748	7.983.325	5.833.400	7.987.572	-	-	-	-
	Guaranteed current accounts (j)	-	46.123.750	-	46.123.750	-	36.250.000	-	36.250.000
	Bank overdrafts (k) (Note 25)	-	5.696.187	-	5.696.187	-	4.983.501	-	4.983.501
	Finance Leases (Note 28.2)	5.909.830	1.900.388	5.909.831	1.900.387	509.849	258.424	509.849	258.424
		98.931.373	89.879.559	100.738.832	90.312.832	83.506.647	98.742.384	83.873.889	98.974.079

On December 31, 2018, the movement in the balance of debts to credit institutions, separated by movements with associated cash flows and without cash flow, was as follows:

Company	Financing entities	1 January 2018 Balance Value	Year Cash Flows		Movements without cash flows		31 December 2018 Balance Value
			Receipts	(Payments)	Finance leases	Amortized Cost Effect	
Impresa	Banco BPI, S.A. (a)	75.462.390	-	(9.983.606)	-	42.719	65.521.503
Impresa	Banco Popular, S.A. (b)	2.472.485	500.000	(1.500.000)	-	11.194	1.483.679
Impresa	Caixa Central de Crédito Agrícola Mútuco, C.R.L. (c)	2.687.489	-	(1.350.000)	-	7.354	1.344.843
Impresa	Banco BIC Português, S.A. (d)	6.165.723	-	(2.012.500)	-	19.030	4.172.253
Impresa	Bond Loan (e)	29.915.914	-	(30.000.000)	-	84.086	-
SIC	Banco BPI, S.A. (f)	14.808.464	-	(2.125.000)	-	9.505	12.692.969
SIC	Caixa Central de Crédito Agrícola Mútuco, C.R.L. (c)	150.000	-	(75.000)	-	-	75.000
SIC	Montepio Geral (g)	-	5.000.000	(333.333)	-	(51.352)	4.615.315
IOSS	Novo Banco S.A. (m)	-	24.173.600	(1.012.116)	-	(1.757.860)	21.403.624
Impresa Publishing	Montepio Geral (h)	4.077.751	-	(2.252.701)	-	(3.445)	1.821.605
Impresa Publishing	Banco Comercial Português, S.A. (i)	4.357.041	-	(2.200.000)	-	10.872	2.167.913
Impresa Publishing	Caixa Central de Crédito Agrícola Mútuco, C.R.L. (c)	150.000	-	(75.000)	-	-	75.000
	Factorings (l)	-	13.820.972	-	-	(13.899)	13.807.073
	Financial Leases (Note 28.2)	768.273	-	(258.424)	7.300.369	-	7.810.218
	Guaranteed current accounts (j)	36.250.000	9.873.750	-	-	-	46.123.750
		177.265.530	53.368.322	(53.177.680)	7.300.369	(1.641.796)	183.114.745
	Bank overdrafts (k) (Note 25)	4.983.501	712.686	-	-	-	5.696.187
		182.249.031	54.081.008	(53.177.680)	7.300.369	(1.641.796)	188.810.932

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On December 31, 2017, the movement in the balance of debts to credit institutions, separated by movements with associated cash flows and without cash flow, was as follows:

Company	Financing entities	1 January 2017	Year Cash Flows		Movements without cash flows		31 December 2017
		Balance Value	Receipts	(Payments)	Finance leases	Amortized Cost Effect	Balance Value
Impresa	Banco BPI, S.A. (a)	85.403.275	-	(9.983.606)	-	42.721	75.462.390
Impresa	Banco Popular, S.A. (b)	3.461.290	-	(1.000.000)	-	11.195	2.472.485
Impresa	Caixa Central de Crédito Agrícola						-
	Mútuo, C.R.L. (c)	3.582.149	-	(900.000)	-	5.340	2.687.489
Impresa	Banco BIC Português, S.A. (d)	8.517.603	-	(2.400.000)	-	48.120	6.165.723
Impresa	Caixa Geral de Depósitos, S.A. (e)	7.362.613	-	(7.500.000)	-	137.387	-
Impresa	Bond Loan (f)	29.818.481	-	-	-	97.433	29.915.914
SIC	Banco BPI, S.A. (g)	16.923.958	-	(2.125.000)	-	9.506	14.808.464
SIC	Caixa Central de Crédito Agrícola						-
	Mútuo, C.R.L. (c)	199.008	-	(50.000)	-	992	150.000
Impresa Publishing	Montepio Geral (h)	4.300.919	-	(223.168)	-	-	4.077.751
Impresa Publishing	Banco Comercial Português, S.A. (i)	1.427.575	5.500.000	(2.600.000)	-	29.466	4.357.041
Impresa Publishing	Caixa Central de Crédito Agrícola						-
	Mútuo, C.R.L. (c)	199.008	-	(50.000)	-	992	150.000
	Financial Leases (Note 28.2)	370.100	511.572	(113.399)	-	-	768.273
	Guaranteed current accounts (j)	19.665.000	16.585.000	-	-	-	36.250.000
		<u>181.230.979</u>	<u>22.596.572</u>	<u>(26.945.173)</u>	-	<u>383.152</u>	<u>177.265.530</u>
	Bank overdrafts (k) (Note 25)	5.465.769	-	(482.268)	-	-	4.983.501
		<u>186.696.748</u>	<u>22.596.572</u>	<u>(27.427.441)</u>	-	<u>383.152</u>	<u>182.249.031</u>

(a) Loan from Banco BPI, SA contracted by Impresa Serviços e Multimédia, S.A. ("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 2018, 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:

2019	<u>9.983.607</u>
2020	9.983.607
2021	9.983.607
2022	9.983.607
2023	9.983.607
2024	9.983.607
2025 and following	<u>5.908.194</u>
	<u>55.826.229</u>
	<u>65.809.836</u>

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.

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- (b) Loan contract entered into by the Group with Banco Popular, S.A. in June 2015, (nowadays Banco Santander, S.A.), repayable in ten successive half yearly instalments up to 16 June 2020. At 31 December 2018, 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:

2019	<u>1.000.000</u>
2020	<u>500.000</u>
	<u>500.000</u>
	<u>1.500.000</u>

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 2018, 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:

	<u>Impresa</u>	<u>SIC</u>	<u>Impresa Publishing</u>	<u>Total</u>
2019	<u>1.350.000</u>	<u>75.000</u>	<u>75.000</u>	<u>1.500.000</u>

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.

- (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. On July 16, 2018, the Group and BIC signed an addenda, whereby the payment of this loan was agreed to be in two instalments, one of 312.500 euros in March 2019, and the remainder in June 2019. At 31 December 2018 the loan bore interest payable half yearly in arrears at a rate corresponding to the six-month Euribor rate plus a spread of 1.875%. 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) On 12 November 2014 the Company issued a bond loan 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.

As of December 31, 2018, the bond loan is nil, since it was fully repaid on November 12, 2019.

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- (f) 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 2018 the loan bore interest at the six-month Euribor rate plus a spread of 5% 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 part of the current shareholder structure of Impresa. The reimbursement schedule of the nominal amount is as follows:

2019	<u>2.125.000</u>
2020	2.125.000
2021	2.125.000
2022	2.125.000
2023	2.125.000
2024	<u>2.125.000</u>
	<u>10.625.000</u>
	<u>12.750.000</u>

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

- (g) SIC contracted a loan in August 2018 with Caixa Económica Montepio Geral to be repayable in 56 monthly instalments until 2023. In December 31, 2018 the monthly loan bore interest payable half yearly in arrears at a rate corresponding to the six-month Euribor rate plus a spread of 2,5%.

The Group signed a blank promissory note in guarantee of full compliance with the loan. The nominal amount of the loan is repayable as follows:

2019	<u>1.000.000</u>
2020	1.000.000
2021	1.000.000
2022	1.000.000
2023	<u>666.667</u>
	<u>3.666.667</u>
	<u>4.666.667</u>

In addition, as a result of this loan contract, Impresa committed to some determined covenants, whose assumptions haven't been accomplished whereby the debt is fully classified as current debt.

- (h) Loan contracted by Impresa Publishing in May 2016, with Caixa Económica Montepio Geral, to be repaid in 48 monthly instalments until May 2010. At 31 December 2018, 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:

2019	<u>1.288.271</u>
2020	<u>536.779</u>
	<u>536.779</u>
	<u>1.825.050</u>

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 2018 and 2017 this commercial paper issuance bore interest at the Euribor rate for the period of the issuance plus a spread of 2.25% and an annual commission of 1%.

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In accordance with these bonds Impresa Publishing assumed certain commitments. Impresa Publishing must not reduce its participation in Impresa to below 50.01% of its share capital.

- (j) Guaranteed current accounts obtained by Group companies that bear interest at normal market rates for similar operations. The Group believes, considering experience and the evolution of its operation that these credit lines will be renewed without significant penalization.
- (k) The bank overdrafts bear interest at market rates for similar operations.
- (l) The factoring relates to financing operations obtained by SIC which bear interest calculated at normal market rates, between 1,5% and 1,95%, for similar operations. These operations are supported by the anticipation of future revenues related to specific transmission concession contracts for SIC channels.
- (m) Loan contracted by IOSS relates to medium / long term financing based on the Impresa Building in Paço de Arcos for a period of 10 years with the nominal value of approximately 24.170.000 Euros through 120 monthly payments of 208,225 Euros, with a nominal rate of 3.77% and with a residual value of 20%. Considering the conditions of the agreement, the Group considers that the substance of the agreement reflects a financing guaranteed by the real estate and not a lease contract. In addition to a set of obligations to be fulfilled by the Group, includes compliance with a financial ratio. The payment plan of the nominal amount is as follows:

2019	<u>1.653.892</u>
2020	1.717.333
2021	1.783.207
2022	1.851.607
2023	1.922.632
2024	1.996.381
2025 and following	<u>12.236.433</u>
	<u>21.507.593</u>
	<u>23.161.485</u>

At 31 December 2018 and 2017, the Group had approved unused credit limits of approximately 3.207.050 Euros and 13.815.00 Euros, respectively.

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In the years ended 31 December 2018 and 2017, the effective interest rates on the loans were as follows:

Company	Financing entities	2018	2017
Impresa	Banco BPI, S.A.	2,50%	2,50%
Impresa	Banco Santander, 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.	1,88%	1,50%
Impresa	Caixa Geral de Depósitos, S.A.	-	2,85%
Impresa	Novo Banco, S.A. and Banco Espírito Santo de Investimento, S.A.	4,00%	4,00%
SIC	Banco BPI, S.A.	5,00%	5,00%
SIC	Caixa Central de Crédito Agrícola Mútuo, C.R.L.	2,60%	2,60%
SIC	Montepio Geral	2,50%	-
IOSS	Novo Banco, S.A.	3,77%	-
Impresa Publishing	Banco Comercial Português, S.A.	2,25%	2,75%
Impresa Publishing	Banco Popular, S.A.	-	2,75%
Impresa Publishing	Montepio Geral	2,50%	2,50%
Impresa Publishing	Caixa Central de Crédito Agrícola Mútuo, C.R.L.	2,60%	2,60%
Group	Guaranteed current accounts	2,50%	2,60%
SIC	Factorings	1,65%	-

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

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, except for the financial ratio defined in the loan of SIC with Montepio Geral. 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 2018, waivers were obtained from the financing entities regarding compliance with the ratios that the Group did not achieve at that date, except for the loan referred to above.

28.2 Finance Leases

At 31 December 2018, the Group had liabilities under finance lease contracts totalling 7.810.218 Euros respectively, payable as follows:

	Principal	Interests	Total
2019	1.900.388	163.677	2.064.065
2020	3.153.736	125.602	3.279.338
2021	1.328.473	90.925	1.419.398
2022 & 2023	1.427.622	63.373	1.490.995
	5.909.831	279.900	6.189.731
	7.810.219	443.577	8.253.796

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At 31 December 2017, the Group had liabilities under finance lease contracts totalling 768.273 Euros respectively, payable as follows:

	Principal	Interest	Total
2018	258.424	9.204	267.629
2019	251.031	6.976	258.007
2020	180.738	4.870	185.608
2021	62.384	4.372	66.756
2022	15.696	1.093	16.789
	<u>509.849</u>	<u>17.311</u>	<u>527.160</u>
	<u>768.273</u>	<u>26.515</u>	<u>794.788</u>

 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 2018 and 2017:

31 December 2018:

	Impairment losses on goodwill (Note 17)	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 2017 (Restated)	21.965.668	45.000	1.473.474	11.258.712	557.128
Increases	-	-	-	296.970	-
Utilization	(21.965.668)	-	-	(13.805)	-
Reversal/adjustment (Note 10)	-	-	-	(847.167)	-
Balances at 31 December 2018	<u>-</u>	<u>45.000</u>	<u>1.473.474</u>	<u>10.694.710</u>	<u>557.128</u>

31 December 2017 (Restated):

	Impairment losses on goodwill (Note 17)	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 2016	-	45.000	239.523	10.565.490	557.128
Increases	21.965.668	-	1.233.951	1.791.577	-
Utilization	-	-	-	(808.822)	-
Reversal/adjustment (Note 10)	-	-	-	(289.533)	-
Balances at 31 December 2017	<u>21.965.668</u>	<u>45.000</u>	<u>1.473.474</u>	<u>11.258.712</u>	<u>557.128</u>

 29.2 Provisions

The provision for risks and charges at 31 December 2018 and 2017 relates essentially to legal actions in progress and is made up as follows:

Natureza	2018		2017	
	Amount claimed	Amount provided	Amount claimed	Amount provided
Tax (a)	30.705	30.705	30.000	8.000
Dismissal/Labour	1.947.437	872.094	1.519.399	996.373
Publicity fines	944.351	122.445	1.118.153	144.372
Abuse of freedom of the press	3.131.625	330.058	3.245.767	338.549
Others	21.485.241	5.723.007	21.485.241	3.015.108
	<u>27.539.358</u>	<u>7.078.308</u>	<u>27.398.560</u>	<u>4.502.402</u>

(a) Excluding the lawsuits described in Note 29.4.

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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 2018, 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 2018 and 2017 were as follows:

31 December 2018:

	<u>Provisions for risks and charges</u>
Balance at 31 December 2017	4.502.402
Increases	2.778.232
Utilization	<u>(202.326)</u>
Balance at 31 December 2018	<u>7.078.308</u>

31 December 2017:

	<u>Provisions for risks and charges</u>
Balance at 31 December 2016	3.757.360
Increases	750.088
Utilization	<u>(5.046)</u>
Balance at 31 December 2017	<u>4.502.402</u>

Increases and utilization of provisions in the years ended 31 December 2018 and 2017 corresponds to recording or direct utilization of the balance to cover the liabilities resulting essentially from the Group’s legal and non-legal litigation.

The caption “Provision for impairment losses” in the consolidated statement of profit and loss and other comprehensive income for the years ended 31 December 2018 and 2017 is made up as follows:

31 December 2018:

Increase in the provision for other risks and charges	<u>2.778.232</u>
	<u>2.778.232</u>

31 December 2017:

Increase in the provision for other risks and charges	750.088
Impairment losses on investments properties (Note 21)	1.233.951
Impairment losses on goodwill (Note 17)	21.965.668
Others	<u>(63.041)</u>
	<u>23.886.666</u>

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29.3 Legal processes in progress

At 31 December 2018 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 claimed payment of annual remuneration due to artists, interpreters or performers at the rate of 1.5% of the annual amount of advertising revenues, 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, this amount increased by approximately 2,357,000 Euros since the amount related to 2015 and 2016 were added to the process, thus the total claim amounting to approximately 20.017.000 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 what 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 2018 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 (merged into Impresa in 2015) 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.

During the year ended December 31, 2017, the Group obtained a favourable decision regarding a judicial challenge filed against the additional IRC settlements for the years ended December 31, 2008 and 2009 related to the deductibility of financial charges incurred, and an appeal was lodged by the Tax Authority, the Group awaiting for a decision on the appeal.

At 31 December 2018, the above mentioned tax corrections, 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.

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Based on the opinion of its lawyers, the Board of Directors consider that the outlook of success of the claims and / or challenges of those acts, lodged, is reasonable, and therefore no provision was recorded for this tax contingency.

30. TRADE AND OTHER PAYABLES

At 31 December 2018 and 2017 this caption was made up as follows:

	<u>2018</u>	<u>2017</u>
<u>Non-current:</u>		
Trade payables	2.026.823	-
<u>Current:</u>		
Trade payables, current account	29.186.892	30.543.282
Suppliers of fixed assets, current account	<u>3.694.051</u>	<u>1.492.685</u>
	<u>32.880.943</u>	<u>32.035.967</u>
	<u>34.907.766</u>	<u>32.035.967</u>

The non-current amount relates to equipment acquisition contracts, for which where celebrated agreements with suppliers with monthly payments until 2023.

31. OTHER CURRENT LIABILITIES

This caption was made up as follows at 31 December 2018 and 2017:

	<u>2018</u>	<u>2017</u>
<u>Other current liabilities:</u>		
Advances from clients	<u>60.288</u>	<u>123.416</u>
Accrued costs:		
Commercial agreements	10.610.621	10.429.910
Personnel vacation and vacation subsidy	5.586.543	5.811.047
Cost of program production	1.953.471	2.414.933
Royalties	53.243	303.048
Accrued interest	152.275	330.973
Communication	72.199	137.914
Personnel commission payable	161.761	68.773
TSU - Green receipts	271.011	297.349
Authors' rights	500.000	400.000
Marketing and publicity	187.251	255.477
Personnel bonuses	104.713	170.920
Other accrued costs	<u>4.336.029</u>	<u>4.413.455</u>
	<u>23.989.117</u>	<u>25.033.799</u>
Deferred income:		
Pre-billing	2.200.448	3.222.637
Subscriptions to newspapers and magazines	270.921	265.856
Subsidies	928.949	426.383
Other deferred income	<u>703.969</u>	<u>236.926</u>
	<u>4.104.287</u>	<u>4.151.802</u>
State and other public entities:		
Value Added Tax	2.916.608	4.998.433
Personal income tax - withholdings at source	1.382.142	1.732.058
Social security contributions	1.459.684	1.687.682
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	1.307.173	1.287.490
Stamp tax	<u>124.862</u>	<u>146.777</u>
	<u>7.190.469</u>	<u>9.852.440</u>
Other liabilities:		
Other creditors	<u>3.932.969</u>	<u>4.393.323</u>
	<u>39.277.130</u>	<u>43.554.780</u>

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32. CONTINGENT LIABILITIES AND GUARANTEES GIVEN

At 31 December 2018 and 2017 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 2018 and 2017 the companies of the television segment had requested the issuance of the following guarantees in favour of third parties:

	<u>2018</u>	<u>2017</u>
General Secretariat of the Ministry of Internal Administration ("SGMAI")	1.158.532	3.127.518
ERC	1.995.192	1.995.192
Santander Novimovest	1.320.600	1.320.600
Lidl	640.000	640.000
Imópolis	44.701	44.701
Municipal Council of Oeiras	35.745	35.745
Lisboa Oeste Judicial Court	30.000	-
Oeiras Court	4.000	-
Union des Associations Européennes de Football	4.370.000	1.950.000
Grande Lisboa Noroeste Court	-	4.000
	<u>9.598.769</u>	<u>9.117.756</u>

The guarantees given to the General Secretariat of the Ministry of Internal Administration are to ensure fulfilment of the publicity contests, namely "Liga Europa 2018/2021", "Furo da Sorte 2018", "A Roda Mágica", "Dobradinha" and "Casa Feliz". The change of the amount of the guarantees is related to the existing contests at each moment.

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 2018-2021" contract.

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

The guarantee given to Lidl relates to the fulfilment of contractual obligations defined within the contract for the sale of part of the "Fnac" land.

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.

At 31 December 2018 and 2017 the companies of the "Publishing" segment had requested the issuance of the following bank guarantees in favor of third parties:

	<u>2018</u>	<u>2017</u>
Lisboa Oeste Judicial Court	30.000	-
	<u>30.000</u>	<u>-</u>

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At 31 December 2018 and 2017 the companies of the “Others” segment had requested the issuance of the following bank guarantees in favor of third parties:

	2018	2017
Tax and Customs Authority (Note 29.4)	2.991.811	2.991.811
IAPMEI	157.146	379.456
Oeiras Municipality	146.960	447.844
Ass. Cova da Beira	16.862	-
Infraestruturas de Portugal	15.056	9.404
IFAP	11.335	-
Turismo de Portugal	-	20.791
Ambiolhão	-	5.652
	<u>3.339.169</u>	<u>3.854.957</u>

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 Oeiras Municipality is to fulfill the obligation of restoration of the land where the construction works of the Paço de Arcos building are being performed.

33. COMMITMENTS ASSUMED

33.1 Pensions

Certain Group companies (Impresa and Impresa Publishing) 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 2018 and 2017 was estimated in 2.905.439 and 3.144.052 Euros, respectively, the amount of the fund at those dates being 4.039.136 Euros and 4.444.506 Euros, respectively.

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:

	2018	2017
Discount rate	2,25%	2,25%
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.

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The method used was based on the creation of an adjusted interest rate curve, considering the income of high quality, corporate debt which covers the various 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 11 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 2018 and 2017 the profitability of the fund assets was -3.4% and 2.6%, respectively. Expected income from the assets, considering the defined benchmark, was 1.34% and 1% 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 2018 and 2017 the percentage of the portfolio exposed to exchange risk was 0.34% and 1.04%, respectively.

- Liquidity risk

At 31 December 2018 and 2017, 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 8.9% and 2.47%, respectively, and so the cash in the portfolio was sufficient to cover the payment of expected pensions over the next year.

- Credit risk

The control of credit risk takes into consideration the maturities of each security and is made, whether in aggregate terms, whether considering separately 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 2018 and 2017, all the of the portfolio consisted of BBB- grade or higher rating.

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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 years.

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 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Present value of the liability for defined benefits at the beginning of the period	3.144.052	3.387.598
Benefits paid	(252.928)	(256.848)
Current service cost	29.689	35.467
Interest cost	67.896	57.036
Actuarial (gains)/losses	<u>(83.270)</u>	<u>(79.201)</u>
Present value of the liability for defined benefits at the end of the period	<u>2.905.439</u>	<u>3.144.052</u>
Plan assets at the beginning of the year	4.444.506	4.791.521
Benefits paid	(252.928)	(256.848)
Interest of the plan	97.156	81.605
Financial gain/(loss)	(249.598)	39.228
Refund of the excess funding of the plan	<u>-</u>	<u>(211.000)</u>
Plan assets at the end of the year	<u>4.039.136</u>	<u>4.444.506</u>
Surplus (Note 24)	<u>1.133.697</u>	<u>1.300.454</u>

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 remaining income and costs were recorded in the statement of profit and loss.

	<u>2018</u>	<u>2017</u>
Amounts recognized in the statement of profit and loss:		
Current service cost	(29.689)	(35.467)
Interest cost of the plan	(67.896)	(57.036)
Plan interest	<u>97.156</u>	<u>81.605</u>
	<u>(429)</u>	<u>(10.898)</u>
Amounts recognized as other comprehensive income:		
Actuarial gain/(loss)	83.270	79.201
Financial gain/(loss)	<u>(249.597)</u>	<u>39.228</u>
	<u>166.327</u>	<u>118.429</u>

The portfolio of assets of the pension fund at 31 December 2018 and 2017 was made up as follows:

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	2018		2017	
	Amount	%	Amount	%
Bonds	1.762.802	44%	2.293.888	52%
Public debt securities	1.208.720	30%	915.752	21%
Money market	360.046	9%	109.718	2%
Shares	496.535	12%	710.478	16%
Participating units in real estate investment funds	212.780	5%	424.523	10%
Cash, receivables (payables) and other short term assets (liabilities)	(1.747)	0%	(9.853)	0%
	4.039.136	100%	4.444.506	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 2018 and 2017, the Group had contracts and agreements with third parties to acquire films, series and other programs amounting to 12.125.187 Euros and 12.125.187 Euros, respectively, not included in the statement of financial position, in accordance with the valuation criteria used (Note 2.11), as follows:

Nature	31 December 2018 Year the titles are available					31 December 2017 Year the titles are available				
	2019	2020	2021		Total	2017	2018	2019		Total
			and following years	Without a defined date				and following years	Without a defined date	
Entertainment	4.854.199	3.636.590	2.108.250	-	10.599.039	1.466.909	-	-	-	1.466.909
Films	464.288	-	-	-	464.288	971.732	-	-	-	971.732
Format	27.430	-	-	-	27.430	42.200	-	-	-	42.200
Soap-operas	4.585.342	-	-	-	4.585.342	6.687.888	-	-	-	6.687.888
Children	341.255	10.369	99.811	-	451.435	569.340	10.900	-	-	580.240
Documentaries	157.891	-	-	-	157.891	165.339	94.720	-	-	260.059
60 Series	670.451	-	56.151	-	726.602	683.807	-	-	71.574	755.381
Mini séries	-	-	-	-	-	14.540	-	-	-	14.540
Sport	1.930.161	1.533.333	-	-	3.463.494	1.219.324	-	-	-	1.219.324
Events	24.500	-	5.245	-	29.745	119.461	-	-	7.453	126.914
	13.055.517	5.180.292	2.269.457	-	20.505.266	11.940.540	105.620	-	79.027	12.125.187

Nature	31 December 2018 Limit year for broadcasting the titles					31 December 2017 Limit year for broadcasting the titles				
	2019	2020	2021		Total	2017	2018	2019		Total
			and following years	Without a defined date				and following years	Without a defined date	
Entertainment	3.724.137	4.024.940	2.849.962	-	10.599.039	817.048	276.951	372.911	-	1.466.909
Films	-	-	464.288	-	464.288	7.453	69.960	894.319	-	971.732
Format	-	-	27.430	-	27.430	-	-	42.200	-	42.200
Soap-operas	66.887	53.454	4.465.000	-	4.585.342	684.415	41.923	5.961.550	-	6.687.888
Children	34.854	202.572	214.009	-	451.435	22.449	320.983	236.808	-	580.240
Documentaries	54.921	102.970	-	-	157.891	61.054	104.285	94.720	-	260.059
60 Series	-	199.263	527.339	-	726.602	4.545	460.393	218.869	71.574	755.381
Mini séries	-	-	-	-	-	14.540	-	-	-	14.540
Sport	396.827	1.533.333	1.533.333	-	3.463.494	1.219.324	-	-	-	1.219.324
Events	-	-	29.745	-	29.745	13.474	69.995	35.993	7.453	126.914
	4.251.940	6.118.591	10.134.735	-	20.505.266	2.844.302	1.344.489	7.857.369	79.027	12.125.187

33.3 Commitments for the acquisition of tangible fixed assets

At 31 December 2018 and 2017, the commitments assumed for the acquisition of tangible fixed assets amounted to approximately 3.056.538 Euros and 1.151.093 Euros, respectively.

33.4 Operating leases

In the year ended December 31, 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 the year ended December 31, 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.

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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:

	2018	2017
within one year	1.504.608	1.568.833
from one to five years	1.149.883	1.528.795
more than five years	61.226	164.343
	<u>2.715.716</u>	<u>3.261.971</u>

In the years ended 31 December 2018 and 2017 the Group recognized operating lease costs of approximately 1.529.212 Euros and 1.993.957 Euros, respectively, in the consolidated statement of profit and loss and other comprehensive income.

34. RELATED PARTIES

The balances at 31 December 2018 and 2017 and transactions during the years then ended with related parties were as follows:

31 December 2018:

	Balances				
	Demand deposits	Receivables	Payables	Borrowings	
<u>Shareholders:</u>					
BPI Group	2.203.236	1.317.611	-	87.609.836	
Madre Group (SP - Televisão, Lda.)	-	74.415	7.208.374	-	
<u>Associates:</u>					
Vasp - Distribuidora de Publicações, S.A. ("Vasp")	-	1.026.509	78.989	-	
Vasp Premium - Entrega personalizada de publicações, Lda. ("Vasp Premium")	-	-	12.409	-	
Vasp TMK - Soluções de Trademarketing, Lda. ("Vasp TMK")	-	-	246	-	
Lusa - Agência de Notícias de Portugal, S.A. ("Lusa")	-	-	135.466	-	
DPS - Digital Printing Services, Lda. ("DPS")	-	-	269	-	
<u>Others:</u>					
Morais Leitão, Galvão Teles, Soares da Silva & Associados	-	-	208.969	-	
	<u>2.203.236</u>	<u>2.418.535</u>	<u>7.644.723</u>	<u>87.609.836</u>	
	Transactions				
	Services obtained	Personnel costs	Financial costs	Sales and services rendered	Financial income
<u>Shareholders:</u>					
Impreger	81.000	-	-	-	-
BPI Group	-	-	2.914.900	369.256	34.932
Madre Group (SP - Televisão, Lda.)	24.460.277	-	-	740.300	-
<u>Associates:</u>					
Vasp (Note 8)	200.084	-	-	8.056.062	-
Vasp Premium	79.380	-	-	-	-
Vasp TMK	3.900	-	-	-	-
Lusa	360.407	-	-	-	-
DPS	1.095	-	-	-	-
<u>Others:</u>					
Morais Leitão, Galvão Teles, Soares da Silva & Associados	452.310	-	-	-	-
Board of Directors		636.711			
	<u>25.606.653</u>	<u>636.711</u>	<u>2.914.900</u>	<u>9.165.618</u>	<u>34.932</u>

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31 December 2017:

	Balances			
	Demand deposits	Receivables	Payables	Borrowings
<u>Shareholders:</u>				
BPI Group	2.400.267	1.159.654	-	95.270.854
Madre Group (SP - Televisão, Lda.)	-	44.501	6.812.528	-
<u>Associates:</u>				
Vasp - Distribuidora de Publicações, S.A. ("Vasp")	-	1.710.815	90.700	-
Vasp Premium - Entrega personalizada de publicações, Lda. ("Vasp Premium")	-	-	26.283	-
Vasp TMK - Soluções de Trademarketing, Lda. ("Vasp TMK")	-	-	11.107	-
Lusa - Agência de Notícias de Portugal, S.A. ("Lusa")	-	-	96.863	-
DPS - Digital Priting Services, Lda. ("DPS")	-	-	580	-
<u>Others:</u>				
Compta - Equipamentos e Serviços de Informática, S.A. ("Compta")	-	-	603	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	-	-	157.769	-
	<u>2.400.267</u>	<u>2.914.970</u>	<u>7.196.433</u>	<u>95.270.854</u>

	Transactions				
	Services obtained	Personnel costs	Financial costs	Sales and services rendered	Financial income
<u>Shareholders:</u>					
Impreger	89.784	-	-	-	-
BPI Group	-	-	3.485.374	294.444	60.199
Madre Group (SP - Televisão, Lda.)	24.636.621	-	-	788.200	-
<u>Associates:</u>					
Vasp (Note 8)	198.451	-	-	17.659.015	-
Vasp Premium	60.260	-	-	-	-
Vasp TMK	58.740	-	-	-	-
Lusa	390.933	-	-	-	-
DPS	2.004	-	-	-	-
<u>Others:</u>					
Board of Directors	-	552.482	-	-	-
Compta	1.290	-	-	-	-
Compta - Infra-estruturas e Segurança, S.A. ("Compta Infra-estruturas")	848	-	-	-	-
Morais Leitão, Galvão Teles, Soares da Silva & Associados	352.371	-	-	-	-
	<u>25.791.302</u>	<u>552.482</u>	<u>3.485.374</u>	<u>18.741.659</u>	<u>60.199</u>

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 2018 and 2017, the transactions with the Board of Directors relate essentially to the remuneration paid.

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In the years ended 31 December 2018 and 2017, pension supplements of 184.739 Euros were paid each year to the Chairman of the Board of Directors by the pension fund.

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 2018 and 2017:

	<u>2018</u>	<u>2017</u>
US Dollar (USD)	1,145	1,1993
Swiss Franc (CHF)	1,1269	1,1702
Pound Sterling (GBP)	0,8945	0,8872
Australian Dollar (AUD)	1,7056	1,5346
Canadian Dollar (CAD)	1,5605	1,5039
Real do Brasil (BRL)	4,444	-

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 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u> (Restated)
<u>Financial assets:</u>		
Receivables	45.161.293	44.966.467
Cash and equivalents (Note 25)	3.302.921	-
Assets classified as held for sale	3.200.000	13.845.466
	<u>51.664.214</u>	<u>58.811.933</u>
<u>Financial liabilities:</u>		
Borrowings	183.114.745	177.265.530
Payables	71.084.880	72.763.786
Cash and equivalents (Note 25)	-	1.799.368
Liabilities related to assets classified as held for sale	-	1.930.741
	<u>254.199.625</u>	<u>253.759.425</u>

As of December 31, 2018 and 2017, as disclosed in Note 28, the Group believes that the amounts at which the loans 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 2018 and 2017, 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.

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 28).

If market interest rates in the years ended 31 December 2018 and 2017 were 0.5% higher or lower, net result for these years would have decreased or increased by approximately 1.040.000 Euros and 920.000 Euros, respectively, without considering the tax effect.

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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 2018 and 2017 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 2018 and 2017 amounted to 2.702.829 Euros and 5.138.685 Euros, respectively, which was converted to a USD term deposit, which at 31 December 2018 and 2017 amounted to 3.930.131 Euros and 6.253.648 Euros, respectively (Note 24).

During the year ended 31 December 2018 and 2017, the Group did not have exchange forwards.

The foreign currency balances payable, expressed in Euros at the exchange rates in force on 31 December 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
US Dollar (USD)	3.445.925	2.515.815
Swiss Franc (CHF)	21.670	27.900
Pound Sterling (GBP)	7.549	8.229
Australian Dollar (AUD)	4.320	4.320
Canadian Dollar (CAD)	422	422
	<u>3.479.886</u>	<u>2.556.686</u>

At 31 December 2018 and 2017, the Group had foreign currency receivables of 1.843.039 USD and 681.202 USD, respectively.

c) Credit risk

Credit risk relates essentially to accounts receivable resulting from the operations of the Group companies (Note 23). In order to reduce credit risk, the Group companies have defined policies for granting credit, with defined 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.

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Impairment losses on accounts receivable are calculated considering:

- a review of the aging of accounts receivable;
- expected losses;
- 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 2018 and 2017 include amounts overdue as follows, for which impairment losses were not recognized as the Board of Directors believes that they are collectible.

Overdue balances	2018	2017
Up to 90 days	5.745.065	4.728.276
From 90 to 180 days	2.988.538	1.012.684
More than 180 days	9.565.256	1.025.894
	18.298.858	6.766.854

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 2018 and 2017 the amount of cash and credit lines approved and not used amounted to approximately 3.207.050 Euros and 13.815.000 Euros, respectively, which in the opinion of the Board of Directors, considering the main cash flow projections for 2019, as well as set of financing operations whose negotiation is in progress and the capacity of the Group to renew its current used lines, will be sufficient to settle the Group's current liabilities and continue to operate on a going concern.

As of December 31, 2018 and 2017, remunerated loans maturing up to 1 year include 46,123,750 Euros and 36,250,000 Euros, respectively, referring to guaranteed current accounts whose contracts provide for the automatic renewal thereof. Additionally, as of December 31, 2018, remunerated loans maturing up to 1 year also include 7,983,325 Euros related to factoring contracts.

Financial indebtedness at 31 December 2018 and 2017 matures as follows:

Financial liabilities	2018				Total
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Remunerated:					
Borrowing (a)	82.282.985	18.520.751	15.899.845	58.600.945	175.304.526
Finance lease liability	1.900.387	3.153.736	1.328.473	1.427.623	7.810.219
Suppliers' credits guaranteed by third parties	1.987.732	-	-	-	1.987.732
	86.171.104	21.674.487	17.228.318	60.028.568	185.102.477
Not remunerated:					
Trade payables	29.186.892	1.114.821	912.002	-	31.213.715
Suppliers of fixed assets	3.694.051	-	-	-	3.694.051
Other current liabilities	34.189.383	-	-	-	34.189.383
	67.070.326	1.114.821	912.002	-	69.097.149
	153.241.430	22.789.308	18.140.320	60.028.568	254.199.626

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Financial liabilities	2017				Total
	Up to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Remunerated:					
Borrowing (a)	93.500.459	15.811.782	13.080.650	54.104.367	176.497.257
Finance lease liability	258.424	251.031	180.738	78.080	768.273
Cash and equivalents (Note 25)	1.799.368	-	-	-	1.799.368
Suppliers' credits guaranteed by third parties	971.217	-	-	-	971.217
	<u>96.529.468</u>	<u>16.062.812</u>	<u>13.261.388</u>	<u>54.182.447</u>	<u>180.036.116</u>
Not remunerated:					
Trade payables	30.543.282	-	-	-	30.543.282
Suppliers of fixed assets	1.492.685	-	-	-	1.492.685
Other current liabilities	38.068.679	-	-	-	38.068.679
Liabilities related to assets classified as held for sale	1.930.741	-	-	-	1.930.741
	<u>72.035.387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72.035.387</u>
	<u>168.564.855</u>	<u>16.062.812</u>	<u>13.261.388</u>	<u>54.182.447</u>	<u>252.071.503</u>

(a) This caption does not include bank overdrafts.

37. SUBSEQUENT EVENTS

At February 20, 2019, the group received 2.560.000 Euros related to the land sale deed celebration that was held for sale in December 31, 2018 (Note 26), which together with the advance payment made by the acquired of 640.000 Euros makes a total of 3.200.000 Euros.

38. OTHER INFORMATION

As of 31 December 2018, and 2017, 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:

	2018	2017
<u>By Impresa (a)</u>		
Auditing Services	61.500	61.500
Other assurance services	2.700	2.700
Other services	27.500	27.500
	<u>91.700</u>	<u>91.700</u>
<u>By other Group entities (a)</u>		
Auditing Services	162.400	173.300
Other assurance services	-	-
	<u>162.400</u>	<u>173.300</u>
Total	<u>254.100</u>	<u>265.000</u>

a) The consolidated and individual accounts included.

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 ACCOUNTANTTHE BOARD OF DIRECTORS