

**COFINA, S.G.P.S., S.A.**

## **DIRECTORS' REPORT**

**30 June 2014**

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## DIRECTORS' REPORT

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## DIRECTORS' REPORT

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*(This is a translation of a document originally issued in Portuguese.*

*In the event of discrepancies, the Portuguese language version prevails – Note 18)*

### To the Shareholders

Pursuant to the legal requirements, the Board of Directors of Cofina, S.G.P.S., S.A. (Public Company) hereby presents its Directors' Report for the first semester of 2014.

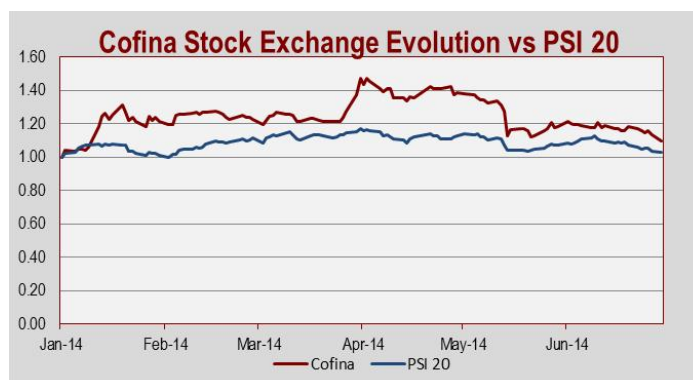
### INTRODUCTION

The Media segment, in Portugal, begun to demonstrate, early in 2014, some signs of recovery, although still tenuous. During the first semester of 2014, advertising revenues increased after more than 24 consecutive months of falling.

In the first semester of 2014, the Group's revenue grew when compared with the homologous period of 2013, and the Group's was able to maintain its market leadership in the main media segments.

## DIRECTORS' REPORT

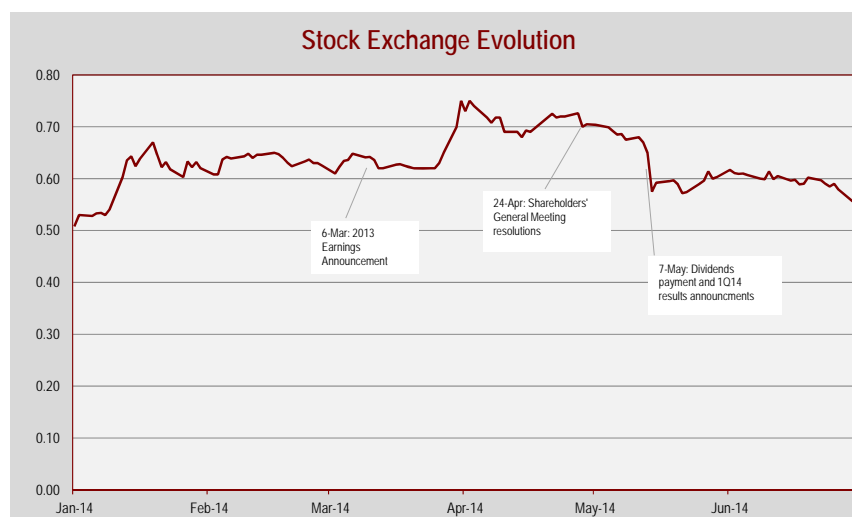
### STOCK EXCHANGE EVOLUTION



In the first semester of 2014, Cofina's shares increased about 11% over the closing price of the end of the previous year. The market capitalization at that date was of 57 million Euro.

In the first half of 2014, Cofina's shares were traded at the highest price of 0.75 Euro, and at the lowest price of 0.51 Euro. In total, 74,358,923 shares were traded in the first six months of 2014, which represents 73% of the issued share capital.

The most significant events that affected Cofina's shares in the first semester of 2014 can be detailed as follows:



- In the announcement relating to the Group's performance in 2013, disclosed on 6 March 2014, Cofina presented a net consolidated profit of 4.7 million Euro. Operating income decreased 5% amounting to 107.7 million Euro and EBITDA (earnings before interests, taxes, depreciation and amortization) decreased 1.9% when compared with 2012, reaching 16.2 million Euro.
- In the announcement disclosed as of 24 April, Cofina informed the market about the resolutions of the Annual Shareholders Meeting in which was approved, among other proposals, a dividend distribution of 0.01 Euro per share.

## DIRECTORS' REPORT

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- In 7 May 2014, Cofina informed the market that the dividend for the year 2013 would be paid from 22 May onwards.
- On the same date, in the announcement relating to the presentation of the first quarter of 2014 financial statements, Cofina SGPS, S.A. presented an operating income of 24.1 million Euro, which represents an increase in EBITDA of 9.8% when compared to the homologous period, and net consolidated profit of 0.9 million Euro.

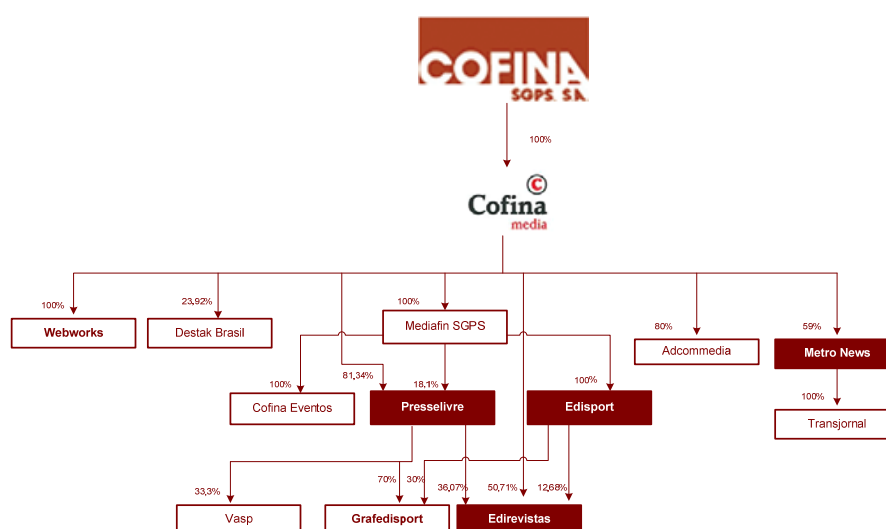
## DIRECTORS' REPORT

### GROUP ACTIVITY

Cofina Group develops its activity in the Media sector and contents.

The key Group Company in this sector is Cofina Media, S.G.P.S., S.A., which owns headings of reference, leaders in their respective segments. In the Group's publishing portfolio the daily newspaper "Correio da Manhã", the daily sports newspaper "Record", the economic information newspaper "Jornal de Negócios", the free newspapers "Destak" and "Metro", the information magazine "Sábado" as well as other titles, such as "Maxima", "TV Guia", "Flash!", "Vogue" and "GQ" should be highlighted.

Cofina Group's complete structure of participations as of 30 June 2014 is as follows:



According to the data provided by APCT for the first four months period of 2014, "Correio da Manhã" is the most sold newspaper in Portugal, with an average of more than 114 thousand copies sold daily. According to the data provided by this certifying entity, "Correio da Manhã" has a market share of 45.3% (regarding the daily paid generic newspapers segment).

In June 2014, "Correio da Manhã" became the fourth most viewed site in Portugal. "Jornal de Negócios" continues to lead the economic information segment. In June 2014 according to data from Netscope regarding this month, the website "Correio da Manhã" had 12.9 million visits.

"Jornal de Negócios" is the leader in the segment of economic information, with 4.5 million visitors compared to 2.7 million recorded by his most direct competitor.

The Cofina Group ranks second in the online traffic.

## DIRECTORS' REPORT

### FINANCIAL REVIEW

The consolidated financial information of Cofina for the 1st half of 2014, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), can be presented as follows:

(amounts in thousand Euro)	1H 2014	1H 2013	Var (%) 1H14/1H13
<b>Operating income</b>	<b>51,407</b>	<b>51,032</b>	<b>0.7%</b>
Circulation	26,232	27,702	-5.3%
Advertising	18,195	16,654	9.3%
Alternative marketing products and others	6,980	6,676	4.6%
<b>Operating income by segments</b>	<b>51,407</b>	<b>51,032</b>	<b>0.7%</b>
Newspapers	41,710	40,608	2.7%
Magazines	9,697	10,424	-7.0%
<b>Operating expenses (a)</b>	<b>44,258</b>	<b>45,285</b>	<b>-2.3%</b>
<b>Consolidated EBITDA (a)</b>	<b>7,149</b>	<b>5,747</b>	<b>24.4%</b>
EBITDA margin	13.9%	11.3%	+2,6 p.p.
Newspapers EBITDA	7,409	6,695	10.7%
Newspapers EBITDA margin	17.8%	16.5%	+1,3 p.p.
Magazines EBITDA	-260	-948	-
Magazines EBITDA margin	-2.7%	-9.1%	-
Amortisation na depreciation (-)	1,480	1,800	-17.8%
<b>EBIT</b>	<b>5,669</b>	<b>3,947</b>	<b>43.6%</b>
EBIT margin	11.0%	7.7%	+3,3 pp
Net financial income	(2,328)	(1,629)	-
<b>Income before taxes and non-controlling interests</b>	<b>3,341</b>	<b>2,318</b>	<b>44.1%</b>
Income taxes	153	1,857	-91.8%
Non-controlling interests	21	(39)	-153.8%
<b>Net consolidated profit / loss (c)</b>	<b>3,167</b>	<b>500</b>	<b>533.4%</b>

(a) Operating expenses excluding amortisation

(b) EBITDA = earnings before interest, taxes, amortisation and depreciation

(c) Net profit / (loss) attributable to the parent company shareholders

In cumulative terms, in the first six months of 2014 revenues grew about 0.7%, which turned into an EBITDA growth of approximately 24%.

Note that in addition to a revenue growth, the results achieved in the semester are the outcome of the Group's strategy focused on optimization and cost control.

The first semester of 2014 was characterized by an increase of the advertising of 9% when compared with the homologous period of 2013, reaching about 18.2 million Euro. The origin of this growth was an organic market growth and the development of innovative activation actions, transversal to all Cofina's publications.

The growth of advertising associated with an effective and continuous strategy of costs control led to a 44% growth of the EBIT, reaching 5.7 million Euros.

The income tax for the first semester of 2014 was positively influenced by the restitution of taxes unduly paid in prior years.

As of June 30, 2014, the nominal net debt of Cofina amounted 70.6 million Euro, which corresponds to a decrease of 2.7 million Euro when compared to the 73.3 million Euro recorded in the end of 2013.

## DIRECTORS' REPORT

The main indicators of the main business segments are as follows:

### Newspapers:

(amounts in thousand Euro)	1H 2014	1H 2013	Var (%) 1H14/1H13
<b>Consolidated operating income</b>	<b>41,710</b>	<b>40,608</b>	<b>2.7%</b>
Circulation	20,500	21,416	-4.3%
Advertising	15,071	13,531	11.4%
Alternative marketing products and others	6,139	5,661	8.4%
<b>Operating expenses (a)</b>	<b>34,301</b>	<b>33,913</b>	<b>1.1%</b>
<b>Consolidated EBITDA (b)</b>	<b>7,409</b>	<b>6,695</b>	<b>10.7%</b>
EBITDA margin	17.8%	16.5%	+1,3 p.p.

(a) Operating expenses excluding amortisation

(b) EBITDA = earnings before interest, taxes, amortisation and depreciation

The newspapers segment of Cofina recorded, in the first half of 2014, a total income of 41.7 million Euro, which represents an increase of 2.7% when compared with the homologous period. The advertising income recorded an increase of 11% to 15.1 million Euro; whilst the circulation income dropped approximately 4%, having reached 20.5 million Euro. The alternative marketing products income recorded an increase of 8.4%, reaching approximately 6.1 million Euro.

Therefore, the EBITDA of the newspaper segment, reached in the period under analysis, amounted to approximately 7.4 million Euro, a growth of approximately 11%, when compared with the homologous period. The EBITDA margin amounted to 18%.

### Magazines:

(amounts in thousand Euro)	1H 2014	1H 2013	Var (%) 1H14/1H13
<b>Consolidated operating income</b>	<b>9,697</b>	<b>10,424</b>	<b>-7.0%</b>
Circulation	5,732	6,286	-8.8%
Advertising	3,124	3,123	0.0%
Alternative marketing products and others	841	1,015	-17.1%
<b>Operating expenses (a)</b>	<b>9,957</b>	<b>11,372</b>	<b>-12.4%</b>
<b>Consolidated EBITDA (b)</b>	<b>-260</b>	<b>-948</b>	<b>-</b>
EBITDA margin	-2.7%	-9.1%	-

(a) Operating expenses excluding amortisation

(b) EBITDA = earnings before interest, taxes, amortisation and depreciation

The total income of this segment reached approximately 9.7 million Euro, reflecting a decrease of approximately 7% when compared to the homologous period of 2013.

Circulation income recorded a decrease of 9%, reaching approximately 5.7 million Euro, while the advertising kept the 2013 levels. The alternative marketing products income recorded a decrease of 17%.

The operational costs were reduced by, approximately, 12%. Accordingly, EBITDA recorded in the magazines segment, in the first semester of 2014, was negative 260 thousand Euro, compared to an EBITDA of 948 thousand Euro negative recorded in the same period of 2013.



## DIRECTORS' REPORT

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### SECOND SEMESTER OUTLOOK

The second semester of the year should be characterized by a gradual improvement in some economic indicators, particularly in terms of confidence which could have a positive impact on the advertising market. However, it should be noted that the first semester was marked by a non-recurring effect - the World Cup.

Cofina, regardless of the market conditions, will continue its policy of strategic optimization and cost control, aiming the reinforcement of operational efficiency with a clear focus on profitability.

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE

In compliance with the legal requirements in force, the Company is exempted from presenting information regarding Corporate Governance, once this information is only mandatory upon presentation with the Annual Directors' Report. The Annual Report about Corporate Governance is an integral part of Cofina Annual Financial Statements for year 2013 and it is available on our website ([www.cofina.pt](http://www.cofina.pt)).

It should be noted, however, that the Annual Shareholders' Meeting held on 24 April 2014 has appointed the corporate boards for the three year mandate 2014/2016.

Therefore, for the Board of Directors, the following members were appointed for the period 2014/2016:

- Paulo Jorge dos Santos Fernandes – President
- João Manuel Matos Borges de Oliveira – Member
- Pedro Macedo Pinto de Mendonça – Member
- Domingos José Vieira de Matos – Member
- Pedro Miguel Matos Borges de Oliveira – Member
- Ana Rebelo Carvalho Menéres de Mendonça – Member

To the Statutory Audit Board the following members were appointed:

- Pedro Nuno Fernandes de Sá Pessanha da Costa – President
- André Seabra Ferreira Pinto – Member
- José Guilherme Barros Silva – Member
- Luis Filipe Alves Baldaque de Marinho Fernandes – Substitute Member

Deloitte & Associados, SROC S.A., represented by António Manuel Martins Amaral or Miguel Nuno Machado Canavarro Fontes, was appointed as Statutory Auditor for the three year period 2014/2016.

## DIRECTORS' REPORT

### LEGAL MATTERS

#### Own shares

Pursuant to the requirements of article 66 of the Commercial Companies Code ("Código das Sociedades Comerciais"), the Directors inform that as of 30 June 2014 Cofina had no own shares and did not acquire or sell own shares during the semester then ended.

#### Shares held by Cofina's corporate board members

Pursuant to the requirements of article 447 of the Commercial Companies Code ("Código das Sociedades Comerciais"), the Directors inform that, as of 30 June 2014, the shares held were as follows:

Paulo Jorge dos Santos Fernandes <sup>(a)</sup>	12,886,332
João Manuel Matos Borges de Oliveira <sup>(b)</sup>	14,784,857
Domingos José Vieira de Matos <sup>(c)</sup>	12,292,927
Pedro Macedo Pinto de Mendonça	854.500
Pedro Miguel Matos Borges de Oliveira	7,100.000
Ana Rebelo de Carvalho Menéres de Mendonça <sup>(d)</sup>	20,488,760

<sup>(a)</sup> – 12,886,332 shares represent the total shares of Cofina held by Actium Capital – SGPS, S.A. of which the Board Member Paulo Jorge dos Santos Fernandes is also director and dominant shareholder.

<sup>(b)</sup> – 14,784,857 shares represent the total shares of Cofina held by INDIAZ, S.A. of which the Director João Manuel Matos Borges de Oliveira is also director.

<sup>(c)</sup> – 12,292,927 shares represent the total shares of Cofina held by LIVRE FLUXO – SGPS, S.A., of which the Director Domingos José Vieira de Matos is also director and dominant shareholder.

<sup>(d)</sup> – 20,488,760 shares represent the total shares of Cofina held by PROMENDO – SGPS, S.A., of which the Director Ana Rebelo de Carvalho Menéres de Mendonça is director and dominant shareholder.

As of 30 June 2014 the Statutory Auditor and the members of the Shareholders' Meeting and of the Statutory Audit Board held no shares of the Company.

#### Participation in the Company's share capital

Pursuant to the requirements of articles 16 and 20 of the Securities Code ("Código dos Valores Mobiliários") and article 448 of the Commercial Companies Code, the Company informs that, in accordance with the notifications received, the companies and/or individuals that hold qualified holdings exceeding 2%, 5%, 10%, 15%, 20%, 33% and 50% of the voting rights, are as follows:

Exceeding 2% of the voting rights	Shares held at 30.06.2014	Direct % of voting rights
Credit Suisse Group AG	5,039,060	4.91%
Santander Asset Management <sup>(a)</sup>	2,177,423	2.12%

<sup>(a)</sup> – 2,177,423 shares respect to the total shares of COFINA – SGPS, S.A. held by the investment funds managed by Santander Assets Management (107,964 shares held by PPA Santander Fund and 2,069,459 shares held by Portugal Shares Santander Fund).

## DIRECTORS' REPORT

Exceeding 5% of the voting rights	Shares held at 30.06.2014	Direct % of voting rights
Pedro Miguel Matos Borges de Oliveira	7,100,000	6.92%

Exceeding 10% of the voting rights	Shares held at 30.06.2014	Direct % of voting rights
Indaz, S.A. <sup>(a)</sup>	14,784,857	14.41%
Actium Capital, SGPS, S.A. <sup>(b)</sup>	12,886,332	12.56%
Newshold, SGPS, S.A.	12,519,683	12.21%
LIVREFLUXO – SGPS, S.A. <sup>(c)</sup>	12,292,927	11.99%

<sup>(a)</sup> – The 14,784,857 shares held by INDIAZ, S.A. are attributable to João Manuel Matos Borges de Oliveira, of which he is also director.

<sup>(b)</sup> – The 12,886,332 shares held by Actium Capital – SGPS, S.A. are attributable to Paulo Jorge dos Santos Fernandes of which he is also director and dominant shareholder.

<sup>(c)</sup> – The 12,292,927 shares held by LIVRE FLUXO– SGPS, S.A., are attributable to Domingos José Vieira de Matos of which he is also director and dominant shareholder.

Exceeding 15% of the voting rights	Share held at 30.06.2014	Direct % of voting rights
Promendo – SGPS, S.A. <sup>(a)</sup>	20,488,760	19.98%

<sup>(a)</sup> – The 20,488,760 shares held by Promendo – SGPS, S.A., are attributable to Ana Rebelo de Carvalho Menéres de Mendonça, of which she is a director and dominant shareholder.

Cofina was not notified of any participation exceeding 20% of the voting rights.

## DIRECTORS' REPORT

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### STATEMENT UNDER ARTICLE 246, 1, C) OF THE SECURITIES CODE

The signatories individually declare that, to their knowledge, the Financial Statements prepared meeting the standards of the applicable International Financial Accounting ("IFRS") as adopted by the European Union, for Interim Financial Reporting, give a truthful and appropriate image of the assets and liabilities, financial position and the consolidate results of Cofina, S.G.P.S., S.A. and of the companies included in the consolidation, and that the Interim Management Report describes the evolution of business, the performance and the financial position of Cofina, S.G.P.S., S.A. and companies of the companies included in the consolidation, and contains a description of the major risks and uncertainties that they face.

### DECLARATION OF RESPONSIBILITY

The members of the Board of Directors of Cofina, S.G.P.S., S.A. declare to assume responsibility for the information presented herein and assure that the items included herein are true and that, to the best of their knowledge, there are no omissions.

As required by article 8, no. 3, of the Securities Code, the Board of Directors of Cofina, S.G.P.S., S.A. declares that the accounts that integrate this report were not subject to a Limited Review.

As required by article 21 of Decree-Law 411/91, of 17 October, the Board of Directors informs that there are no overdue debts to the State, namely with respect to Social Security.

## DIRECTORS' REPORT

### CLOSING REMARKS

The Board of Directors concludes by expressing a vote of gratitude to our suppliers, financial institutions and other Group Stakeholders, for the trust demonstrated in our organization. We would like to thank additionally the External Auditor for the cooperation provided in the period and the Statutory Audit Board for the continued monitoring of our operation.

Oporto, 31 July 2014

#### The Board of Directors

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Paulo Jorge dos Santos Fernandes

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João Manuel Matos Borges de Oliveira

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Pedro Macedo Pinto de Mendonça

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Domingos José Vieira de Matos

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Pedro Miguel Matos Borges de Oliveira

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Ana Rebelo de Carvalho Menéres de Mendonça

## Article 447 of the Securities Code and Article 14 no 7 of the Securities and Exchange Commission Regulation no 05/2008

Disclosure of shares and other securities owned by Directors and members of the Board, as well as by other people with whom they close relate to, under the terms of Article 248 B of the Securities Code, and transactions over these shares that took place on the period under analysis.

Member of the Board of Directors	Shares held as of			Shares held as of
	31-Dec-2013	Acquisitions	Disposals	30-Jun-2014
Paulo Jorge dos Santos Fernandes	3,345,746	-	(3,345,746)	-
Paulo Jorge dos Santos Fernandes (allocation through ACTIUM CAPITAL - SGPS, S.A.)	9,540,586	3,345,746	-	12,886,332
João Manuel Matos Borges de Oliveira (allocation through INDAG, S.A.)	14,784,857	-	-	14,784,857
Domingos José Vieira de Matos (allocation through LIVRE FLUXO - SGPS, S.A.)	12,292,927	-	-	12,292,927
Pedro Miguel Matos Borges de Oliveira	5,628,291	1,471,709	-	7,100,000
Ana Rebelo Mendonça (allocation through PROMENDO - SGPS, S.A.)	20,488,760	-	-	20,488,760
Pedro Macedo Pinto de Mendonça	854,500	-	-	854,500

### Paulo Jorge dos Santos Fernandes

Date	Description	Volume	Price (€)	Local	Nº of shares
31 December 2013	-	-	-	-	3,345,746
12 March 2014	Sell	(3,345,746)	0.634900	NYSE Euronext Lisbon	-
30 June 2014	-	-	-	-	-

### Paulo Jorge dos Santos Fernandes (allocation through ACTIUM CAPITAL - SGPS, S.A.)

Date	Description	Volume	Price (€)	Local	Nº of shares
31 December 2013	-	-	-	-	9,540,586
12 March 2014	Buy	3,345,746	0.634900	NYSE Euronext Lisbon	12,886,332
30 June 2014	-	-	-	-	12,886,332

### Pedro Macedo Pinto de Mendonça

Date	Description	Volume	Price (€)	Local	Nº of shares
31 December 2013	-	-	-	-	854,500
30 June 2014	-	-	-	-	854,500

### João Manuel Matos Borges de Oliveira (allocation through INDAG, S.A.)

Date	Description	Volume	Price (€)	Local	Nº of shares
31 December 2013	-	-	-	-	14,784,857
30 June 2014	-	-	-	-	14,784,857

### Pedro Miguel Matos Borges de Oliveira

Date	Description	Volume	Price (€)	Local	Nº of shares
31 December 2013	-	-	-	-	5,628,291
11 February 2014	Buy	400,000	0.649000	NYSE Euronext Lisbon	6,028,291
12 February 2014	Buy	600,000	0.647000	NYSE Euronext Lisbon	6,628,291
12 February 2014	Buy	1,709	0.642000	NYSE Euronext Lisbon	6,630,000
12 February 2014	Buy	5,008	0.645000	NYSE Euronext Lisbon	6,635,008
12 February 2014	Buy	3,000	0.646000	NYSE Euronext Lisbon	6,638,008
12 February 2014	Buy	5,864	0.646000	NYSE Euronext Lisbon	6,643,872
12 February 2014	Buy	2,500	0.643000	NYSE Euronext Lisbon	6,646,372
12 February 2014	Buy	700	0.643000	NYSE Euronext Lisbon	6,647,072
12 February 2014	Buy	1,800	0.643000	NYSE Euronext Lisbon	6,648,872
12 February 2014	Buy	700	0.643000	NYSE Euronext Lisbon	6,649,572
12 February 2014	Buy	428	0.643000	NYSE Euronext Lisbon	6,650,000
13 February 2014	Buy	448,500	0.640000	NYSE Euronext Lisbon	7,098,500
13 February 2014	Buy	1,500	0.641000	NYSE Euronext Lisbon	7,100,000
30 June 2014	-	-	-	-	7,100,000

### Domingos José Vieira de Matos (allocation through LIVRE FLUXO - SGPS, S.A.)

Date	Description	Volume	Price (€)	Local	Nº of shares
31 December 2013	-	-	-	-	12,292,927
30 June 2014	-	-	-	-	12,292,927

### Ana Rebelo Mendonça (allocation through PROMENDO - SGPS, S.A.)

Date	Description	Volume	Price (€)	Local	Nº of shares
31 December 2013	-	-	-	-	20,488,760
30 June 2014	-	-	-	-	20,488,760

**COFINA, S.G.P.S., S.A.**

**CONSOLIDATED STATEMENTS OF FINANCIAL INFORMATION FOR THE PERIODS ENDED 30 JUNE 2014 AND 31 DECEMBER 2013**

(Translation of financial statements originally issued in Portuguese - Note 19)

(Amounts expressed in Euro)

<b>ASSETS</b>	<b>Notes</b>	<b>30.06.2014</b>	<b>31.12.2013</b>
<b>NON CURRENT ASSETS</b>			
Tangible assets		6,651,108	7,177,531
Goodwill	5	91,128,755	90,952,056
Intangible assets		407,395	634,187
Investments in associated companies	4	3,450,607	3,798,159
Investments held for sale	4	8,570	8,570
Investments recorded at fair value through profit and loss		2,051	271
Other non current debtors		350,000	350,000
Deferred tax assets	6	4,373,989	4,697,703
<b>Total non current assets</b>		<b>106,372,475</b>	<b>107,618,477</b>
<b>CURRENT ASSETS</b>			
Inventories		1,989,935	2,251,126
Customers		9,537,677	9,410,134
State and other public entities		949,917	1,249,509
Other current debtors		85,406	513,568
Other current assets		6,819,382	5,831,472
Cash and cash equivalents	7	11,405,347	10,316,267
<b>Total current assets</b>		<b>30,787,664</b>	<b>29,572,076</b>
<b>TOTAL ASSETS</b>		<b>137,160,139</b>	<b>137,190,553</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	8	25,641,459	25,641,459
Share premium account		15,874,835	15,874,835
Legal reserve		5,409,144	5,409,144
Other reserves		(30,285,140)	(34,335,639)
Consolidated net profit/(loss) for the period attributable to the parent company		3,166,873	4,681,002
Equity attributable to equity holder of the parent company		19,807,171	17,270,801
Non controlling interests		756,357	767,940
<b>TOTAL EQUITY</b>		<b>20,563,528</b>	<b>18,038,741</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Bank Loans	9	7,000,000	9,000,000
Other loans	9	49,178,931	49,041,611
Pension liabilities		459,894	459,894
Other non current creditors	10	35,756	35,756
Provisions		8,463,620	8,502,480
<b>Total non current liabilities</b>		<b>65,138,201</b>	<b>67,039,741</b>
<b>CURRENT LIABILITIES</b>			
Bank loans	7 e 9	10,995,109	7,007,465
Other loans	9	14,080,524	17,900,832
Derivatives	11	249,728	495,474
Suppliers		7,440,379	8,302,428
State and other public entities		4,318,696	2,546,957
Other current creditors	10	4,415,793	5,360,647
Other current liabilities		9,958,181	10,498,268
<b>Total current liabilities</b>		<b>51,458,410</b>	<b>52,112,071</b>
<b>TOTAL LIABILITIES</b>		<b>116,596,611</b>	<b>119,151,812</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>137,160,139</b>	<b>137,190,553</b>

The accompanying notes form an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors



**COFINA, S.G.P.S., S.A.**

**CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURES**  
**FOR THE SIX AND THREE MONTHS PERIODS ENDED 30 JUNE 2014 AND 2013**

(Translation of financial statements originally issued in Portuguese - Note 19)  
(Amounts expressed in Euro)

	<b>Notes</b>	<b>30.06.2014</b>	<b>30.06.2013</b>	<b>2<sup>nd</sup> quarter 2014</b>	<b>2<sup>nd</sup> quarter 2013</b>
Sales		26,231,898	27,702,232	13,200,803	13,788,335
Services rendered		18,194,612	16,653,924	10,868,699	8,701,351
Other operating income		6,980,436	6,676,144	3,252,867	3,942,941
Cost of sales		(7,229,519)	(7,697,136)	(3,618,226)	(3,774,086)
External supplies and services		(20,442,174)	(20,631,368)	(11,342,729)	(11,370,828)
Payroll expenses		(16,054,089)	(16,541,229)	(8,106,073)	(8,264,520)
Amortisation and depreciation		(1,480,157)	(1,799,603)	(740,396)	(899,785)
Provisions and impairment losses		(347,451)	(279,005)	(184,550)	(110,931)
Other operating expenses		(184,258)	(136,867)	(112,513)	(71,272)
Financial expenses	12	(2,542,127)	(1,881,859)	(1,290,863)	(935,515)
Financial income	12	213,967	252,575	135,164	202,077
Profit / loss before income tax		3,341,138	2,317,808	2,062,183	1,207,767
Income tax	6	(152,922)	(1,856,848)	287,558	(992,897)
Net consolidated profit / (loss) for the period		<b>3,188,216</b>	<b>460,960</b>	<b>2,349,741</b>	<b>214,870</b>
Attributable to:					
Shareholders of the parent company		3,166,873	500,310	2,301,806	223,284
Non-controlling interests		21,343	(39,350)	47,935	(8,414)
Earnings per share:					
Basic	14	0.03	0.00	0.02	0.00
Diluted	14	0.03	0.00	0.02	0.00

The accompanying notes form an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

**COFINA, S.G.P.S., S.A.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2014 AND 2013**

(Translation of financial statements originally issued in Portuguese - Note 19)  
(Amounts expressed in Euro)

	Attributable to equity holders of the parent company							
	Share capital	Share premium account	Legal reserve	Other reserves	Net profit / (loss)	Total	Non controlling interests	Total equity
Balance as of 1 January 2013	25,641,459	15,874,835	5,409,144	(36,913,812)	3,986,740	13,998,366	739,995	14,738,361
Appropriation of consolidated net result for 2012:								
Transfer to retained earnings	-	-	-	3,986,740	(3,986,740)	-	-	-
Dividends distributed	-	-	-	(1,025,658)	-	(1,025,658)	(39,375)	(1,065,033)
Changes in reserves and non-controlling interests:								
Business Acquisition	-	-	-	(264,073)	-	(264,073)	(55,927)	(320,000)
Other changes	-	-	-	(10,925)	-	(10,925)	2,732	(8,193)
Total comprehensive income for the period of six month's ending at 30 June 2013	-	-	-	33,567	500,310	533,877	(39,350)	494,527
Balance as of 30 June 2013	25,641,459	15,874,835	5,409,144	(34,194,161)	500,310	13,231,587	608,075	13,839,662
Balance as of 1 January 2014	25,641,459	15,874,835	5,409,144	(34,335,639)	4,681,002	17,270,801	767,940	18,038,741
Appropriation of consolidated net result for 2013:								
Transfer to retained earnings	-	-	-	4,681,002	(4,681,002)	-	-	-
Dividends distributed	-	-	-	(1,025,658)	-	(1,025,658)	(36,750)	(1,062,408)
Changes in reserves and non-controlling interests:								
Other changes	-	-	-	(677)	-	(677)	3,824	3,147
Total comprehensive income for the period of six month's ending at 30 June 2014	-	-	-	395,832	3,166,873	3,562,705	21,343	3,584,048
Balance as of 30 June 2014	25,641,459	15,874,835	5,409,144	(30,285,140)	3,166,873	19,807,171	756,357	20,563,528

The accompanying notes form an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

**COFINA, S.G.P.S., S.A.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX AND THREE MONTHS PERIODS ENDED 30 JUNE 2014 AND 2013**

(Translation of financial statements originally issued in Portuguese - Note 19)  
(Amounts expressed in Euro)

	<b>30.06.2014</b>	<b>30.06.2013</b>	<b>2<sup>nd</sup> quarter 2014</b>	<b>2<sup>nd</sup> quarter 2013</b>
Profit / (loss) for the period	3,188,216	460,960	2,349,741	214,870
Other comprehensive income:				
Items that will not be reclassified to net income	-	-	-	-
Items that will be reclassified to net income				
Exchange differences arising on translation of foreign operations	210,397	(167,297)	127,455	(270,737)
Changes in cash-flows hedges' fair value	185,435	200,864	92,495	97,944
	<u>395,832</u>	<u>33,567</u>	<u>219,950</u>	<u>(172,793)</u>
Total comprehensive income for the period	<u><u>3,584,048</u></u>	<u><u>494,527</u></u>	<u><u>2,569,691</u></u>	<u><u>42,077</u></u>
Attributable to:				
Shareholders of the parent company	3,562,705	533,877	2,521,756	50,491
Non-controlling interests	<u>21,343</u>	<u>(39,350)</u>	<u>47,935</u>	<u>(8,414)</u>

The accompanying notes form an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

**COFINA, S.G.P.S., S.A.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX AND THREE MONTHS PERIODS ENDED 30 JUNE 2014 AND 2013**  
(Translation of financial statements originally issued in Portuguese - Note 19)  
(Amounts expressed in Euro)

	Notes	30.06.2014		30.06.2013		2 <sup>nd</sup> quarter 2014		2 <sup>nd</sup> quarter 2013	
Operating activities									
<i>Cash flow from operating activities (1)</i>		<u>6,950,385</u>		<u>4,703,518</u>		<u>5,566,251</u>		<u>3,689,955</u>	
Investment activities									
Collections relating to:									
Interest and similar income		114,303		139,480		82,912		58,815	
Loans granted		-		-		-		-	
Dividends		<u>420,000</u>	534,303	<u>100,000</u>	239,480	<u>420,000</u>	502,912	<u>100,000</u>	158,815
Payments relating to:									
Investments	7	(47,560)		(240,000)		-		(240,000)	
Tangible assets		(783,620)		(2,561,573)		(679,183)		(780,314)	
Intangible assets		<u>(126,713)</u>	(957,893)	<u>(320,132)</u>	(3,121,705)	<u>(110,179)</u>	(789,362)	<u>(56,592)</u>	(1,076,906)
<i>Cash flow from investment activities (2)</i>		<u>(423,590)</u>		<u>(2,882,225)</u>		<u>(286,450)</u>		<u>(918,091)</u>	
Financing activities									
Collections relating to:									
Loans obtained		<u>5,000,000</u>	5,000,000	-	-	<u>850,000</u>	850,000	-	-
Payments relating to:									
Interest and similar costs		(2,373,699)		(1,565,782)		(363,045)		(654,207)	
Lease contracts		(312,046)		(585,678)		(152,404)		(272,639)	
Dividends		(1,025,658)		(1,025,658)		(1,025,658)		(1,025,658)	
Loans obtained		(12,750,000)		(5,400,000)		(8,750,000)		(5,050,000)	
Supplementary capital		-	(16,461,403)	-	(8,577,118)	-	(10,291,107)	-	(7,002,504)
<i>Cash flow from financing activities (3)</i>		<u>(11,461,403)</u>		<u>(8,577,118)</u>		<u>(9,441,107)</u>		<u>(7,002,504)</u>	
Cash and its equivalents at the beginning of the period	7	7,446,155		9,002,300		6,672,853		6,477,115	
Changes in exchange rates		869		-		869		-	
Variation of cash and its equivalents: (1)+(2)+(3)		<u>(4,934,608)</u>		<u>(6,755,825)</u>		<u>(4,161,306)</u>		<u>(4,230,640)</u>	
Cash and its equivalents at the end of the period	7	<u><u>2,512,416</u></u>		<u><u>2,246,475</u></u>		<u><u>2,512,416</u></u>		<u><u>2,246,475</u></u>	

The accompanying notes form an integral part of the consolidated financial statements.

The Chartered Accountant

The Board of Directors

1. INTRODUCTION

Cofina, SGPS, S.A. ("Cofina" or "Company"), is a public capital company, with headquarters located at Rua General Norton de Matos, 68, r/c, in Porto, and is the Parent company of a group of companies detailed in Note 4, commonly designated as "Cofina Group" which develop their activity in the media sector, mainly dedicated to written press. Its shares are listed in the NYSE Euronext Lisbon Stock Exchange.

The Group owns headings of reference in the respective segments, publishing titles like newspapers "Correio da Manhã", "Record", "Jornal de Negócios", "Destak" and "Metro", as well as the magazines "Sábado", "TV Guia", "Flash!" and "GQ", among others.

During the semester ended as of 30 June 2014, the Group developed its activity mainly in Portugal, having also some interests in Brazil through the investment in Destak Brasil and in the subsidiary Adcom Media (Note 4).

Cofina Group consolidated financial statements are expressed in Euro (rounded to the nearest unit). This is the currency used by the Group in its operations and as so, considered the functional currency. The operations of the foreign group companies whose functional currency is not the Euro are translated to Euro using the exchange rates in force at the balance sheet date. Income and expenses and cash flows are converted to Euro using the average exchange rate for the period. The exchange rate differences originated are recorded in equity captions.

The accompanying consolidated financial statements have been prepared under the going concern assumption.

2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

Annual financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union. The financial statements as of 30 June 2014 were prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting.

The accounting policies adopted in Cofina's consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended as of 31 December 2013.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISTAKES

During this period there were no changes in accounting policies nor were detected any material errors relating to previous periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

4. INVESTMENTSConsolidation perimeter

The companies included in the consolidated financial statements by the full consolidation method, their headquarters, percentage of participation held and activity developed as of 30 June 2014 are as follows:

Designation	Headquarters	Percentage participation held	Activity
<u>Parent Company:</u>			
Cofina, SGPS, S.A.	Porto		Investment management
Efe Erre Participações, SGPS, S.A. ("FR")	Porto	100%	Investment management
<u>Cofina Media Group</u>			
Cofina Media, SGPS, S.A. ("Cofina Media")	Lisbon	100%	Investment management
Presselivre – Imprensa Livre, S.A. ("Presselivre")	Lisbon	99.44%	Newspapers and magazine publication
Edisport – Sociedade de Publicações, S.A. ("Edisport")	Lisbon	100%	Newspapers publication
Edirevistas – Sociedade Editorial, S.A. ("Edirevistas")	Lisbon	99.46%	Magazines publication
Mediafin, SGPS, S.A. ("Mediafin")	Lisbon	100%	Investment management
Metronews – Publicações, S.A. ("Metronews")	Lisbon	59%	Newspapers publication
Grafedisport – Impressão e Artes Gráficas, S.A. ("Grafedisport")	Queluz	100%	Newspapers print
Web Works – Desenvolvimento de Aplicações para Internet, S.A. ("Web Works")	Lisbon	100%	Production and creation of websites for online business development
Transjornal – Edição de Publicações, S.A. ("Transjornal")	Lisbon	59%	Newspapers publication
Cofina - Eventos e Comunicação S.A. ("Cofina Eventos")	Lisbon	100%	Events promotion and organization
Adcom Media – Anúncios e Publicidade S.A. ("Adcom Media")	São Paulo, Brazil	80%	Communication and advertising services

All the above companies were included in the consolidated financial statements in accordance with the full consolidation method.

The associated companies, their headquarters, percentage of participation held and activity developed as of 30 June 2014 are as follows:

Designation	Headquarters	Percentage Participation held		Activity
		Direct	Indirect	
VASP – Sociedade de Transportes e Distribuições, Lda.	Lisbon	33.33%	-	Publications distribution
Destak Brasil – Empreendimentos e Participações, S.A	São Paulo, Brazil	23.92%	-	Investment management
Mercados Globais – Publicação de Conteúdos, Lda.	V.N.Gaia	50%	-	Management of services and promotion of a financial forum on the internet

The associated company VASP was included in the consolidated financial statements in accordance with the equity method. The other companies are recorded at cost less accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSAS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

Investments in associated companies

The acquisition cost of the associated companies and their book value as of 30 June 2014 are as follows:

Designation	Acquisition cost	Book value	Equity	Net result
VASP – Sociedade de Transportes e Distribuições, Lda.	€ 6,234	€ 3,450,107	€ 10,650,165	€ 217,340
Destak Brasil – Editora, S.A. (a)	-	-	R\$ 803,248	R\$ 409,084
Destak Brasil – Empreendimentos e Participações, S.A.	€ 299,064	€ 500	R\$ 2,294,426	R\$ 327,666
Mercados Globais – Publicação de Conteúdos, Lda.	€ 72,000	-	(b)	(b)

(a) – investment held by the associated Destak Brasil – Empreendimentos e Participações, S.A.

(b) – financial information not available.

As of 30 June 2014 and 31 December 2013 the caption “Investments in associated companies” can be detailed as follows:

	30.06.2014	31.12.2013
Financial Investment		
VASP – Sociedade de Transportes e Distribuições, Lda.	3,450,107	3,797,659
Destak Brasil – Empreendimentos e Participações, S.A.	154,535	154,535
Mercados Globais - Publicação de Conteúdos, Lda.	72,000	72,000
	<u>3,676,642</u>	<u>4,024,194</u>
Impairment losses on investments in associated companies	(226,035)	(226,035)
	<u>3,450,607</u>	<u>3,798,159</u>

Investments available for sale

As of 30 June 2014 and 31 December 2013 the Group has investments available for sale corresponding to minority investments, for which the Group has recorded impairment losses in previous periods, showing on those dates a net amount of 8,570 Euro. As of 30 June 2014 and 31 December 2013, the total value of investments for which impairments in the same amount were recorded amounts to 877,942 Euro.

5. GOODWILL

During the six months periods ended as of 30 June 2014 and 2013, the movement in the caption “Goodwill” fully refers to the effect of the exchange rate change in the goodwill of the subsidiary Adcom Media.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSAS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

6. INCOME TAXESDeferred taxes

The movement occurred in deferred tax assets in the six months periods ended as of 30 June 2014 and 2013 was as follows:

	Deferred tax assets	
	30.06.2014	30.06.2013
Opening balance	4,697,703	5,588,538
Effects in the income statement:		
Increase/(Decrease) in tax losses carried forward	2,317,794	932,444
Prior year tax correction following changes in tax rules	(2,581,334)	(1,542,829)
Effects in equity:		
Fair value of derivate instruments	(60,174)	(72,420)
Closing balance	4,373,989	4,905,733

Tax expenses

Tax expenses recorded in the income statements for the six months periods ended as of 30 June 2014 and 2013 are detailed as follows:

	30.06.2014	30.06.2013
Current Tax		
Income tax for the period	761,565	412,663
Excess/(Insufficiency) of prior years income tax	(135,234)	3,980
Restitution of income tax unduly collected in previous years	(736,949)	-
Provision for tax claims	-	785,000
Deferred taxes	263,540	655,205
	152,922	1,856,848

As of 30 June 2014, disputes with the Portuguese tax authorities ("Autoridade Tributária e Aduaneira" or "AT") were still in progress following a Corporate Income Tax inspection with an original amount of, approximately, 13 million Euro being challenged by the tax authorities. Under the adhesion of the Group to the Tax and Social Security Debts' Regularization Exceptional Regime, approved by the Decree-Law n.º 151-A/2013, of October 31 ("RERD"), the Group paid voluntarily, during the year ended as of December 31, 2013, an amount of 2,000,000 Euro, with the corresponding exemption of default and penalty interests and other costs of the tax process. Under that same regime the Group requested the AT the offset of part of the amounts challenged related with that inspection with credits that the Group had over the AT, having obtained, in the first semester of 2014, the approval of the requirement in the amount of, approximately, 5,700,000 Euro. Consequently, the amount of the unresolved contingency, as of 30 June 2014, is, approximately 5,300,000 Euro.

In order to cope with these disputes (including interests and fines), the Group recorded provisions, in past periods, in the amount of 7,595,000 Euro, which correspond to the best estimate made by the Board of Directors, supported by their legal and tax advisers, of the impact that might outcome from the ongoing tax claims.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSAS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

7. CASH AND CASH EQUIVALENTS

As of 30 June 2014 and 31 December 2013, the caption "Cash and cash equivalents" can be detailed as follows:

	<u>30.06.2014</u>	<u>31.12.2013</u>
Cash	58,004	57,960
Bank deposits repayable on demand	11,347,343	7,258,307
Bank deposits repayable in less than 3 months	-	3,000,000
Cash and cash equivalents in accordance with the balance sheet	<u>11,405,347</u>	<u>10,316,267</u>
Bank overdrafts (Note 9)	(8,892,931)	(2,870,112)
Cash and cash equivalents	<u><u>2,512,416</u></u>	<u><u>7,446,155</u></u>

During the six months period ended as of 30 June 2014, payments relating to investments were as follows:

<u>Acquisitions</u>	<u>Transaction amount</u>	<u>Amount paid</u>
Cofina - Eventos e Comunicação S.A. (*)	317,560	47,560
	<u>317,560</u>	<u>47,560</u>

(\*) acquisition of an additional investment of 30% in share capital

During the six months period ended as of 30 June 2013, payments relating to investments were as follows:

<u>Acquisitions</u>	<u>Transaction amount</u>	<u>Amount paid</u>
Cofina - Eventos e Comunicação S.A. (*)	317,560	240,000
	<u>317,560</u>	<u>240,000</u>

(\*) acquisition of an additional investment of 30% in share capital

8. SHARE CAPITAL

As of 30 June 2014, the Company's fully subscribed and paid up capital consisted of 102,565,836 shares with a nominal value of 25 cents of a Euro each. As of that date, Cofina and the Group companies did not hold own shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

9. BANK AND OTHER LOANS

As of 30 June 2014 and 31 December 2013, the caption "Bank loans" was made up as follows:

		30.06.2014			
		Book value		Nominal Value	
		Current	Non Current	Current	Non Current
Bank overdrafts (Note 7)		8,892,931	-	8,892,931	-
Bank loans		2,102,178	7,000,000	2,000,000	7,000,000
		<u>10,995,109</u>	<u>7,000,000</u>	<u>10,892,931</u>	<u>7,000,000</u>

		31.12.2013			
		Book value		Nominal Value	
		Current	Non Current	Current	Non Current
Bank overdrafts (Note 7)		2,870,112	-	2,870,112	-
Bank loans		4,137,353	9,000,000	4,000,000	9,000,000
		<u>7,007,465</u>	<u>9,000,000</u>	<u>6,870,112</u>	<u>9,000,000</u>

As of 30 June 2014 and 31 December 2013, the caption "Other loans" was made up as follows:

		30.06.2014			
		Book value		Nominal Value	
		Current	Non Current	Current	Non Current
Bond loans		-	49,178,931	-	50,000,000
Commercial paper		14,080,524	-	14,100,000	-
		<u>14,080,524</u>	<u>49,178,931</u>	<u>14,100,000</u>	<u>50,000,000</u>

		31.12.2013			
		Book value		Nominal Value	
		Current	Non Current	Current	Non Current
Bond loans		-	49,041,611	-	50,000,000
Commercial paper		17,900,832	-	17,850,000	-
		<u>17,900,832</u>	<u>49,041,611</u>	<u>17,850,000</u>	<u>50,000,000</u>

Bond loans

As of 30 June 2014, the non-current liability caption "Bond Loans" refers to a bond loan named "Obrigações Cofina SGPS – 2013/2019", amounting to 50,000,000 Euro, issued by Cofina SGPS, S.A. valued in accordance with the effective interest rate method, with a book value of 49,178,931 Euro. This loan, according to its terms, matures on September 28, 2019.

The main features of this loan are as follows:

- Issuer – Cofina, SGPS, S.A.;
- Nominal value – 50,000,000 Euro;
- Subscription date - 27 September 2013;
- Maturity – 28 September 2019;
- Reimbursement – at par, on interest payment dates, in three equal installments, as of 28 September 2017, 28 September 2018 and 28 September 2019;
- Interest – postponed, corresponding to 6 month Euribor plus a spread of 3.8%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSAS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

Commercial paper

The liability caption "Commercial paper" relates to two commercial paper programs, in the maximum amounts of 15,000,000 Euro and 7,000,000 Euro, with guaranteed subscription by the banks. These commercial paper programs mature in July 2014 (which was renovated until January 2015) and September 2016, respectively, and bear interest at market rates.

Regarding the second commercial paper program, with maturity as of September 25, 2016, as it can be terminated by any of the parts, in each annual term date of the program, it was classified as current.

Bank loans

The liability caption "Bank loans" relates to a bank loan celebrated in March 2012, which bears interests at market rates and that will be reimbursed until 15 October 2016. The reimbursement plan of the nominal amount of this loan is as follows:

	30.06.2014
2015	2,000,000
2016	5,000,000
	<u>7,000,000</u>
Short term	2,000,000
	<u><u>9,000,000</u></u>

10. LEASING

As of 30 June 2014 and 31 December 2013, the amounts payable to fixed asset suppliers related to financial lease contracts were classified in the captions "Other non-current creditors" and "Other current creditors" and had the following reimbursement plan:

	30.06.2014	31.12.2013
Year n+1	24,842	24,842
Year n+2	10,914	10,914
	<u>35,756</u>	<u>35,756</u>
Short term	143,826	452,993
	<u><u>179,582</u></u>	<u><u>488,749</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

## 11. DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 June 2014, this caption is made of interest rate swaps related to the Group's financing loans. As these derivatives fulfil the requirements of IAS 39 – Financial Instruments: Recognition and Measurement in order to be classified as hedging instruments, their fair value has been recorded under the shareholder's funds' caption "Other reserves", net of deferred taxes.

The movement in these derivatives for the six months period ended as of 30 June 2014 and 2013 can be presented as follows:

	30.06.2014				
	"Market-to-market"	Accrued interest	Market-to-market net of accrued interest	Deferred tax assets	Net Value
Opening balance	495,474	(128,442)	367,032	89,923	277,111
Increases / (decreases)	(245,746)	N/A	(245,609)	(60,174)	(185,435)
Closing balance	249,728	(128,305)	121,423	29,749	91,676

	30.06.2013				
	"Market-to-market"	Accrued interest	Market-to-market net of accrued interest	Deferred tax assets	Net Value
Opening balance	992,890	(126,878)	866,012	229,493	636,519
Increases / (decreases)	(267,531)	N/A	(273,284)	(72,419)	(200,864)
Closing balance	725,359	(132,631)	592,728	157,074	435,654

As of 30 June 2014 the Company had engaged in financial instruments contracts for hedging interest rates whose fair value, calculated by the discounted cash flows method, was as follows:

Company	Funding covered	Start date	Maturity	Index	Notional	Fair value of financial instruments
Cofina SGPS, S.A.	Bond loan	28/09/2010	29/09/2014	Euribor 6M	20,000,000	(249,728)
					20,000,000	(249,728)

## 12. FINANCIAL RESULTS

The financial income and expenses for the six months periods ended as of 30 June 2014 and 2013 are made up as follows:

	30.06.2014	30.06.2013
<u>Financial expenses</u>		
Interest paid	(1,961,444)	(1,320,918)
Interests related with derivatives	(249,766)	(247,505)
Commissions	(316,389)	(268,338)
Other financial expenses	(14,528)	(45,098)
	<u>(2,542,127)</u>	<u>(1,881,859)</u>
<u>Financial income</u>		
Interest received	141,520	80,714
Gains and losses in associated companies		
Application of the Equity Method	72,447	171,861
	<u>213,967</u>	<u>252,575</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

13. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As of 30 June 2014, Cofina had provided guarantees as follows:

- a) Pledge over 88,883,450 shares of Cofina Media, SGPS, S.A. as a guarantee for an authorized overdraft, to a maximum of 8,000,000 Euro, granted by Banco BPI, S.A., which outstanding debt, as of 30 June 2014, amounts to 6,029,383 Euro.
- b) Pledge with irrevocable powers of attorney over 88,883,450 shares of Cofina Media, SGPS, S.A. as a guarantee for a Commercial Paper Program structured by Banco BPI, S.A., amounting to 7,100,000 Euro as of 30 June 2014 (Note 9);
- c) Pledge of 25,350 shares of Edisport – Sociedade de Publicações, S.A., in favour of Portuguese tax authorities (“Autoridade Tributária e Aduaneira”), as a guarantee for tax claims.

As of 30 June 2014 Cofina Media group companies had assumed responsibilities for guarantees granted amounting to 552,000 Euro, mainly in relation to advertising contests. These companies had also given promissory notes to guarantee credit facilities amounting to 58,500,000 Euro.

14. EARNINGS PER SHARE

Earnings per share for the six months periods ended as of 30 June 2014 and 2013 were determined taking into consideration the following amounts:

	30.06.2014	30.06.2013
Net profit taken into consideration to calculate basic and diluted earnings per share	3,166,873	500,310
Weighted average number of shares used to calculate basic earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.03	0.00
Diluted	0.03	0.00

15. SEGMENT INFORMATION

According to the source and nature of the income generated by the Group, the following segments were considered:

- Newspapers
- Magazines

Since the Group mainly operates in the domestic market, geographic segments are not reported.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSAS OF 30 JUNE 2014

(Translation of financial statements originally issued in Portuguese - Note 18)

(Amounts expressed in Euro)

The information for the six months periods ended as of 30 June 2014 and 2013 is detailed as follows:

			Eliminations and consolidations adjustments	Total
<b>30.06.2014</b>	<b>New papers</b>	<b>Magazines</b>		
Net operating income	41,709,957	9,696,989	-	51,406,946
Operating Cash-flow - EBITDA (a)	7,409,355	(259,900)	-	7,149,455
Operating profit	5,948,986	(279,688)	-	5,669,298
			Eliminations and consolidations adjustments	Total
<b>30.06.2013</b>	<b>New papers</b>	<b>Magazines</b>		
Net operating income	40,608,300	10,424,000	-	51,032,300
Operating Cash-flow - EBITDA (a)	6,694,751	(948,056)	-	5,746,695
Operating profit	4,915,842	(968,750)	-	3,947,092

(a) - Operating profit + amortisation and depreciation

16. NET PROFIT APPROPRIATION

Relating to the year ended 31 December 2013, the Board of Directors proposed, in its annual report, that the net individual profit of Cofina, S.G.P.S., S.A., in the amount of 5,093,237.89 Euro would be transferred to caption "Other reserves", having that proposal been approved in the General Shareholders' Meeting held as of 24 April 2014.

Furthermore, the Board of Directors, proposed the distribution of dividends amounting to 1,025,658.36 Euro, which corresponds to a dividend of 0.01 Euro per share. This dividend was also approved in the General Shareholders Meeting of 24 April 2014.

17. FINANCIAL STATEMENTS APPROVAL

The interim financial statements as of June 30, 2014 were approved by the Board of Directors and authorized for issue on July, 31 2014.

18. EXPLANATION ADDED FOR TRANSLATION

These consolidated financial statements are a translation of financial statements originally issued in Portuguese, in accordance with International Financial Reporting Standards (IFRS/IAS) and in accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required to be generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

THE CHARTERED ACCOUNTANTTHE BOARD OF DIRECTORS