

ANNUAL REPORT

December 31, 2015

(This is a translation of a document originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

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DIRECTORS' REPORT

December 31, 2015



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 Director's Report for the year 2015. According to number 6 of article 508 - C of the Commercial Companies Code, the Board of Directors decided to submit a single Board of Directors' Report, fulfilling all legal requirements.

INTRODUCTION

In the media sector, 2015 was characterized by a general decline in sales of circulation and alternative marketing. Following the recovery that began in the last quarter of 2013, the advertising market in 2015 has experienced a new growth, estimated around 4%.

In terms of market share, the Group continued to maintain the leadership of its main products.

2016 events like the European football championship, the Olympic Games in Brazil and the US presidential election should boost the growth of the advertising market.

MACROECONOMIC BACKGROUND

The year 2015 was marked, in geopolitical terms, for several events, including the Daesh and the terrorism, which relegated the strong disputes between Russia and Ukraine to a second plan. As in 2014, the year 2015 was also marked by a strong appreciation of the dollar against most world currencies, by a sharp fall in oil.

2015 was a very eventful year in Europe. Beyond the constant concerns around Greece coming from prior years, the Volkswagen scandal and the terrorist attacks in Paris also contributed to a more restless year. The economic growth was again very low and the economy hasn't yet gain did its momentum. The accommodative monetary policy pursued by the ECB, particularly the quantitative easing program launched in March, originated economic effects in 2015, assumed a key role and helped to fight the strength of the Euro. These measures led to the decrease of the amplification of the negative impact of a slower global demand and to a reduction of a prolonged deflation period.

The growth in euro area declined during the year, and has stayed stable at 0.3%, which is insufficient to stimulate the inflation that ended in 0.2%, year on year. The high levels of unemployment (10.5% in November) prevented an inflationary pressure through wages.

Due to inherent risks, the fall of oil price, the uncertainty in emerging economies and the geopolitical risks, it is expected that the ECB will continue with its accommodative monetary policy.

The Portuguese economy, according to INE data, showed a moderate recovery in 2015, with the preliminary GDP data indicating a growth of 1.5%.

In Portugal, private consumption was again relevant, with improving the confidence of families and their financial situation, benefiting from the ECB's measures that have resulted in an increase in loans granted by banks, as well as from the low oil prices, while conducted to a higher disposable income.

The structural imbalance of the Portuguese economy continued: whenever private consumption and investment accelerate, the same happens with the imports. The exports benefited from the devaluation of the Euro and have been penalized by the slowdown in exports to Angola, influenced by the adverse effect on activity and financing conditions due to the sharp drop in oil prices.

The last months of the year were marked by the legislative elections and by the reversal of some measures of the previous government, which brought some concerns to international institutions.

The forecast for 2016 reflects the continuity of the process of moderate economic recovery, as well as the gradual adjustment of macroeconomic imbalances, with the Bank of Portugal anticipating a growth of 1.7% for 2016.

These projections are aligned with the projections of the European Commission (the projections from the OCDE and the IMF are more moderate) and assume a continued growth in terms of exports as well as an acceleration of investment – the evolution of domestic demand should remain compatible with the reduction in the level of leverage of families and non-financial companies.

With regard to the US economy, and after a first quarter with a contraction in growth, due to unusually adverse weather conditions, the economy wanna get to grow 3.7% in the second quarter. In the 3rd quarter, the economy began to slow down due to a decline in investment and public spending. The reduction in the accumulation of the companies' inventories was a relevant factor in the further quarter to a more sharp slowdown.

After long months of speculation, in December the US Federal Reserve (FEAD) moved forward with

the first rise in interest rates since 2006, a widely expected decision and mainly sustained in the strength of the labour market. It is expected that the cycle of rises will gradually continue in 2016, but without relevant limitations to the economy's expansion.

In what concerns Japan, the economy retards to give signs of dynamism. According to the first data of the Japanese GDP, growth has only reached 0.4% in 2015, with the IMF projecting an acceleration to 1.0% in 2016.

In China, the depreciation of the yuan by the central bank and the collapse of the Chinese stock exchanges influenced the slowdown in the last two quarters, with the annual growth in the coming years expected to reach the 6.5% target announced by the Chinese government in its five-year plan for the period 2016-2020.

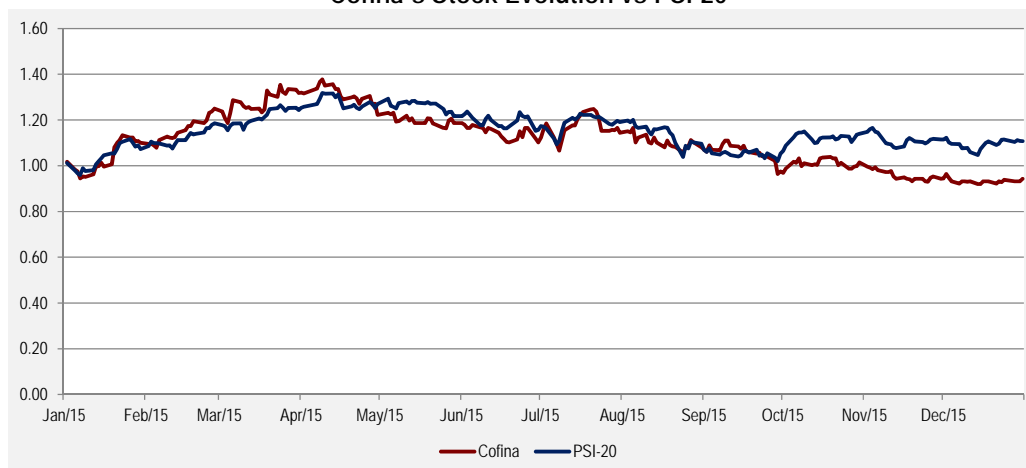
In terms of future forecasts for the world economy, the IMF has downgraded its forecasts for 2016 and 2017, to 3,4% and 3,6%, respectively. The institution considers that one of the problems is the slowdown of the trade with China and, on the other hand, the low commodity prices.

STOCK EXCHANGE EVOLUTION

(Note: in order to enable a better comparison of the stock fluctuations, the PSI 20 index has been considered as being equal in value to the opening price of the shares in question.)

In 2015, the national stock exchange index (PSI-20) appreciated approximately 10.7% compared to the end of 2014. Cofina's shares, depreciated 5.7% in the same period.

Cofina's Stock Evolution vs PSI-20



At the end of 2015, Cofina's shares closed at 0.445 Euro per share, being the corresponding market capitalization of 45.6 million Euro.

In 2015, Cofina's shares were traded at a maximum price of 0.65 Euro and at a minimum price of 0.434 Euro. A total of 29,550,584 shares were traded, equivalent to 28.8% of the issued capital.

The main events that marked the evolution of Cofina's share price during 2015 can be described as follows:

Cofina's share price evolution



- In the announcement regarding the Group's performance in the financial year 2014, released

on 27 February, Cofina presented a consolidated net profit of 6.2 million Euros. Operating revenues decreased by about 1,5%, reaching an amount of 106.1 million Euro and EBITDA (earnings before interests taxes, depreciation and amortization) amounted to 16.2 million Euro.

- In the announcement made on April 23, Cofina informed the market that the dividends relating to 2014, corresponding to 0.02 Euro per share, would be paid as from May 11.
- On 8 May 2015, in the announcement concerning the presentation of the financial statements for the first quarter of 2015, Cofina SGPS, S.A. disclosed an operating income of 23.4 million Euro, with the EBITDA decreasing by 2.2% in relation to the homologous period of 2014, while the net profit amounted to 1 million Euro;
- On July 30, 2015 the Group announced to the market the results of the first half of 2015, with an EBITDA of 6.9 million Euro and an EBITDA margin of 13.7%. Net profit amounted to 2.3 million Euro and the net debt to 66.6 million Euro.
- In the announcement of 30 October 2015, the Group presented the results for the third quarter of 2015. EBITDA amounted to 10.7 million Euro and net income stood at 3.8 million Euro.

GROUP'S ACTIVITY

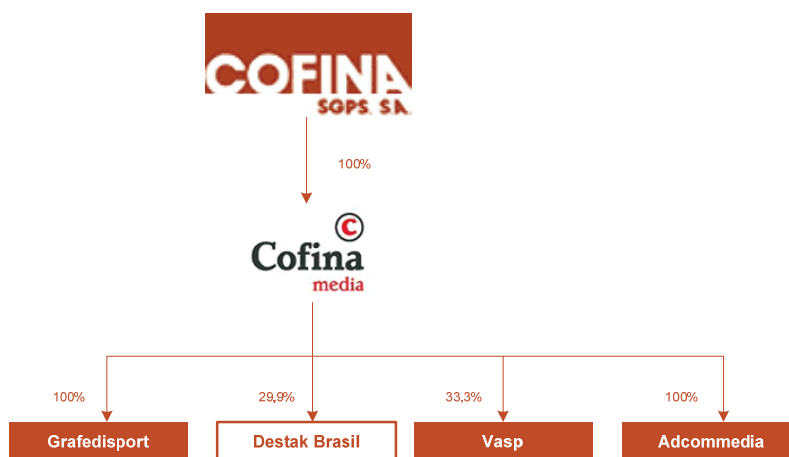
Cofina Group's activity is mainly focused in the media and content sector.

The key company in this business area is Cofina Media, S.A. (ex-Cofina Media, S.G.P.S., S.A.), owner of the leading publications in each respective segment. In the Group's publications portfolio the daily newspaper "Correio da Manhã", the daily sports newspaper "Record", the daily economic newspaper "Jornal de Negócios", the free newspapers "Destak" and "Metro" and the weekly newsmagazine "Sábado", as well as other headings, such as "Máxima", "TV Guia", "Flash!" and "Vogue", should be highlighted.

Additionally, since the financial year 2013, Cofina group has incorporated in its activities the cable TV channel "CMTV".

During the year 2015 the merger process was concluded at the level of the subsidiaries of Cofina: Cofina Media, S.A., Metronews – Publicações, S.A., Transjornal – Edição de Publicações, S.A. and Gratuitgadget, SGPS, Lda., having Cofina Media, S.A. incorporated with accounting effects as of January 1, 2015 all operating activities of the other companies, together with all of its assets and liabilities, at their respective book value.

Thus, Cofina Group's complete structure of participations as of 31 December 2015 is as follows:



According to the data provided by APCT ("Associação Portuguesa para o Controlo de Tiragem e Circulação") for 2015, "Correio da Manhã" is the most sold newspaper in Portugal, with an average of more than 104 thousand copies sold daily. According to the data provided by this certifying entity, "Correio da Manhã" has a market share of 50% (regarding the daily paid generic newspapers segment). It should be noted that "Correio da Manhã" has strengthened its leadership, year after year, despite the generalized declines in paid circulation on all titles in its segment.

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I. Directors' Report

FINANCIAL REVIEW

The consolidated financial information of Cofina for the year 2015 was prepared in accordance with the recognition and measurement principles defined by the International Financial Reporting Standards as adopted by the European Union, and may be summarized as follows:

(amounts in thousand of euro)	2014	2015	Var (%) 2015/2014
Consolidated operating revenue	106,077	100,676	-5.1%
Circulation	54,422	52,848	-2.9%
Advertising	36,710	33,802	-7.9%
Alternative marketing products and others	14,946	14,026	-6.2%
Operating expenses (a)	89,834	85,636	-4.7%
Consolidated EBITDA (b)	16,243	15,040	-7.4%
EBITDA Margin	15.3%	14.9%	- 0.4p.p.
Amortisation and depreciation (-)	2,927	2,892	-1.2%
EBIT	13,316	12,148	-8.8%
EBIT Margin	12.6%	12.1%	- 0.5 p.p.
Net financial income / (loss)	(3,424)	(3,771)	10.1%
Income before taxes and non-controlling interests	9,892	8,377	-15.3%
Income taxes (-)	3,644	3,316	-9.0%
Non- controlling interests (-)	74	-	-100.0%
Net consolidated profit / loss (c)	6,174	5,061	-18.0%

(a) Operating expenses excluding amortisation

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

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

2015 was characterized by a decrease in total revenue compared to the previous year (-5%), with the reduction experienced in all of its components: circulation revenue (-3%), advertising revenue (-8%) and alternative marketing products and others revenue (-6%).

EBITDA recorded in this period was about 15 million Euros, which represents a decrease of about 7%, compared to the previous year.

The consolidated net profit reached 5 million Euros, resulting in a decrease of 18%, compared with 2014.

As of 31 December 2015, the nominal net debt of Cofina was 59.8 million Euros, which represents a decrease of 5.8 million Euros in relation to the previous year.

Free cash flow to equity generated by Cofina in 2015 reached about 7.8 million Euros, resulting in a free cash flow yield (concerning the market capitalization as of 31 December 2015) of about 17%.

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I. Directors' Report

Some indicators of the main business segments are presented below:

Newspapers:

(amounts in thousands of euro)	2014	2015	Var (%) 2015/2014
Consolidated operating income	84,574	81,345	-3.8%
Circulation	42,421	42,350	-0.2%
Advertising	29,618	27,284	-7.9%
Alternative marketing products and others	12,535	11,711	-6.6%
Operating expenses (a)	69,144	66,072	-4.4%
Consolidated EBITDA (b)	15,430	15,273	-1.0%
EBITDA Margin	18.2%	18.8%	+0.6 p.p.

(a) Operating expenses excluding amortisation

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

In 2015, Cofina's newspapers' segment recorded total revenues of about 81.3 million Euros, a decrease of about 4% compared with the previous year.

Circulation revenues mostly remained unchanged, in 42.4 million Euros. Advertising revenues recorded a decrease of 7.9%, reaching about 23.7 million Euros. Alternative marketing products recorded a decrease of 7%, to 11.7 million Euros.

Thus, the newspaper segment's EBITDA amounted to 15.3 million Euros, a decrease of 1% in comparison to the previous year. EBITDA margin reached 18.8%.

The newspapers' segment includes the results of the television channel "Correio da Manhã TV", which has recorded a remarkable performance. In December 2015, Cofina signed an agreement with NOS for the transmission of the channel in its platform, starting in January 2016. As from this date, "Correio da Manhã TV" began being broadcasted in the two largest national TV cable platforms, NOS and MEO. Thus, since February 2016, "Correio da Manhã TV" assumed the leadership in the information channel's segment and has, inclusively, a higher market share than RTP2 channel, which is distributed in TDT platform.

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I. Directors' Report

Magazines:

	2014	2015	Var (%) 2015/2014
(amounts in thousand of Euro)			
Consolidated operating income	21,503	19,331	-10.1%
Circulation	12,001	10,498	-12.5%
Advertising	7,092	6,518	-8.1%
Alternative marketing products and others	2,410	2,315	-3.9%
Operating expenses (a)	20,690	19,564	-5.4%
Consolidated EBITDA (b)	813	-233	-
EBITDA Margin	3.8%	-1.2%	-5.0 p.p.

(a) Operating expenses excluding amortisation

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

In 2015, total revenues in this segment amounted to 19.3 million Euros, reflecting a decrease of about 10%, compared to 2014.

Circulation revenue fell 12.5% to 10.5 million Euros, while advertising decreased 8%. Similarly, revenues associated with alternative marketing products decreased about 4%.

The magazines segment's EBITDA recorded in 2015 amounted to -233 thousand Euros.

ACTIVITY DEVELOPED BY THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

During 2015, the non-executive directors of the Company have developed regularly and effectively their functions which consist in monitoring and evaluating the activities of the executive directors.

In 2015, as in prior years, the non-executive directors regularly and actively attended the Board of Directors meetings, discussing the matters under consideration and expressing their respective opinions on the Group's strategic guidelines and business areas. Whenever necessary, they maintained a close contact with the financial and operational key staff of the Group companies. In 2015, and during the Board of Directors' meetings, the executive members provided all the information required by the remaining non-executive members of the Board of Directors.

2016 OUTLOOK

The year 2016 will be characterized by two important factors: major sporting events to be held during the summer months and the celebration of the CMTV presence in the television platform "NOS".

In relation to the first effect, there is a seasonal proven trend in relation to the increase in advertising investment during these events, which should materialize in a positive impact on Cofina's revenues.

Regarding the agreement with NOS, it is expected that the expansion of viewers will promote a strong increase in channel audience. In fact, the evidence already experienced in the first months of the year shows that the CMTV channel is the most watched information channel on cable television. It positive impact on advertising revenues as from the second half of 2016 year should be expected.

Besides these two effects in terms of revenues, Cofina will continue to implement a number of cost control measures and enhanced operational efficiency.

PROPOSALS OF THE BOARD OF DIRECTORS FOR APPROPRIATION OF THE NON CONSOLIDATED NET PROFIT FOR THE YEAR

Cofina, S.G.P.S., S.A., as holding company of the Group, has recorded in its individual financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, a net profit of 6,472,693.96 Euro, for which, in accordance with the applicable legislation and the Company's articles of association, the Board of Directors proposes to the Shareholders General Meeting the following application:

Free reserves	4,934,206.42
Dividend distribution	1,538,487.54

	6,472,693.96
	=====

CORPORATE GOVERNANCE REPORT

December 31, 2015



CORPORATE GOVERNANCE

PART I – INFORMATION ON SHAREHOLDER, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. The capital structure

Cofina, SGPS, S.A. ("Company" or "Cofina") share capital amounts to 25,641,459.00 Euro, fully subscribed and paid, is made up of 102,565,836 ordinary, registered and bearer shares without nominal value.

Of the total issued voting rights, 76.83% are, as far as the Company is aware, attributed to the holders of qualifying holdings listed in II.7.

All the shares representing the share capital are admitted to negotiation on the regulated market Euronext Lisbon.

2. Restrictions on the transfer and ownership of shares

Cofina's shares have no restrictions on their transfer or on their ownership since there are no shareholders owning special rights. Therefore, Cofina's shares are freely transferable in accordance with applicable legal standards.

3. Own shares

Cofina does not hold any own shares, with reference to December 31, 2015.

4. Important agreements to which the company is a party and that come into effect amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects

There are no significant agreements concluded by Cofina that may include any clauses of control change (including after a takeover bid), that is, which will come into effect, be amended or terminated in such circumstances. Also, there are no specific conditions that limit the exercise of voting rights by shareholders of the Company or other matters that may interfere with the success of takeover bids.

Some financing agreements contain standard clauses of early repayment in the event of change of shareholder control of subsidiaries (and not of the Company). The Company believes that its disclosure would be harmful, while not adding any benefit to shareholders and considers that these ownership clauses, common in this type of contract, do not have a view to the adoption of any guarantee or shielding measures in cases of change of control or change in management body composition.

5. System that is subject to the renewal or withdrawal of countermeasures, particularly those

that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders

Cofina didn't adopt any countermeasures.

6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights

It is unknown the existence of any shareholders' agreements involving the Company.

II. Shareholdings and bonds held

7. Qualifying holdings

As of 31 December 2015, pursuant to the requirements of articles 16 and 20 of the Securities Code ("Código de Valores Mobiliários") and article 448 of the Portuguese Companies Act, the Company informs that, in accordance with the notifications received, the companies and/or individuals that hold qualifying holdings exceeding 2%, 5%, 10%, 20%, 33% and 50% of the voting rights, in accordance with notifications received, are as follows:

Santander Asset Management		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through Santander Ações Portugal Fund		2,069,459	2.02%
Through Santander PPA Fund		107,964	0.11%
Total attributable		2,177,423	2.12%
GNB - International Management, S.A.		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through NB Portugal Equity Fund		2,096,227	2.04%
Through NB Iberian Equity Fund		101,187	0.10%
Total attributable		2,197,414	2.14%
Credit Suisse Group AG		No of shares held as of 31-Dez-2015	% share capital with voting rights
Directly		5,039,060	4.91%
Total attributable		5,039,060	4.91%
Pedro Miguel Matos Borges de Oliveira		No of shares held as of 31-Dez-2015	% share capital with voting rights
Directly		7,719,360	7.53%
Total attributable		7,719,360	7.53%
Domingos José Vieira de Matos		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through Livrefluxo - SGPS, S.A. (of which is dominant sharehold and director)		12,395,257	12.09%
Total attributable		12,395,257	12.09%
Paulo Jorge dos Santos Fernandes		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through Actium Capital - SGPS, S.A. (of which is dominant sharehold and director)		13,386,332	13.05%
Total attributable		13,386,332	13.05%
João Manuel Matos Borges de Oliveira		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through INDAZ, S.A. (of which is director)		15,400,000	15.01%
Total attributable		15,400,000	15.01%
Ana Rebelo Carvalho Menéres de Mendonça		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through PROMENDO - SGPS, S.A. (of which is dominant sharehold and director)		20,488,760	19.98%
Total attributable		20,488,760	19.98%

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

8. *Number of shares and bonds held by members of the management and supervisory boards, under the terms of 447/5 of the Portuguese Companies Act*

The shares and bonds held by members of management and supervisory bodies in the Company and in companies in a control or group relationship with the Company, directly or through related persons, are disclosed in the appendices to the Management Report as required by Article 447 of the Companies Code (CSC) and number 7 of Article 14 of Regulation 5/2008 of the Portuguese Securities Market Commission (CMVM).

9. *Special powers of the Board of Directors, especially as regards resolutions on the capital increase*

The Company's articles of association assign to the Board of Directors wide powers for the management and representation of the Company and to carry out all operations related to its corporate purposes.

By resolution of the Shareholders General Meeting held on April 24, 2014, the power to increase the share capital on one or more occasions up to the limit of 51,282,918 by new cash contributions was conferred to the Board of Directors, since this deliberation is approved by the favourable vote of all its members and after obtaining the prior opinion of the Company's supervisory board.

This power granted to the Board of Directors shall run for the same period as the current mandate of the governing bodies (2014/2016), so shall expire at the end of 2016.

10. *Significant business relationships between the holders of qualifying holdings and the Company*

In the year 2015 no significant business or commercial transactions between the Company and the qualified shareholders notified to the Company occurred, except for those that, being part of the normal activity were performed under normal market conditions for similar transactions. It should be noted, however, that the amounts involved are not material.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

11. *Details and position of the members of the Presiding Board of the General Meeting and respective term of office*

As of December 31, 2015, the Presiding Board of the General Meeting was composed of the following members:

Chairman: José Francisco Pais da Costa Leite
Secretary: Cláudia Alexandra Gonçalves dos Santos Dias

The mandate began in 2014 and will have its term in 2016.

b) Exercising the right to vote

12. Restrictions on voting rights

The share capital of the Company is fully represented by a single class of shares, corresponding one vote to each share, with no statutory limitations on the number of votes that may be held or exercised by any shareholder.

The Company has not issued preferred shares without voting rights.

The participation of shareholders at the General Meeting is dependent, under the law, upon proof of ownership of the shares by reference to the "Record Date".

Individual shareholders with voting rights and companies who are shareholders of the Company may be represented by the person designated for that purpose. The representation should be communicated to the Chairman of the General Meeting, in writing, until the end of the third working day prior to the day scheduled for the meeting.

Shareholders can exercise voting rights by mail, voting on all matters subject to the General Meeting which may be exercised by written declaration, together with the identification of the shareholder and his signature duly recognized, as required by law. According to the articles of association, the declaration of intention to cast postal votes and the supporting document proving the quality of shareholder must be delivered in the Company's headquarters, until the end of the third working day prior to the day scheduled for the meeting, with identification of the sender, addressed to the Chairman of the General Shareholders' Meeting. The possibility to exercise voting rights by electronic means is not provided. In that regard, the Company has not yet triggered the mechanisms required for its implementation since this modality was never requested by any shareholder and considering that this circumstance does not constitute any constraint or restriction on the exercise of voting rights by shareholders.

The Company discloses, within the legal time limits, and in all places requested by law, in Portuguese and English, the notice of General Meetings, which contains information on how to enable the shareholders to participate and exercise the right to vote and on procedures to be followed for voting by correspondence or designated representatives. The Company discloses yet, as required by law, the resolution proposals, preparatory information required by law and the minutes of letter of representation and voting forms for voting by mail, all to ensure, promote and encourage shareholder participation, by them or representatives designated by them, in the General Meetings.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1

There is no limitation on the number of votes that can be held or exercised by a single shareholder or group of shareholders.

14. Shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority

According to the Company's Articles Association, the corporate decisions are taken by majority vote, whatever the percentage of share capital represented at the meeting, except when a different majority is required by law.

In a second call, the General Meeting may decide independently of the number of shareholders present and the capital they represent.

The deliberative quorum of the General Meeting is in accordance with the Portuguese Companies Act (CSC).

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Identification of corporate governance model adopted

Cofina adopts the government model called monist, which includes a management structure centralized in a Board of Directors, a centralized Supervisory Board and a Statutory Auditor.

The Board of Directors is thus the body responsible for management of the Company's business in achieving its social object.

16. Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable

The Members of the Board of Directors of the Company are appointed by the Shareholders' General Meeting for a three years mandate and may be re-elected once or more.

The Board Directors is composed by three to nine members, shareholders or not, elected by the Shareholders' General Meeting.

At the General Shareholders' Meeting elections, one, two or three Directors shall be elected individually among the candidates proposed on the lists endorsed by groups of shareholders, depending on whether the total number of Directors is three or four, five or six, seven or more than seven, provided that none of the said groups own shares representing over 20 % (twenty per cent) or less than 10 % (ten per cent) of the share capital. Each of the referred lists shall propose at least 2 (two) candidates eligible for each one of the available posts, one of them being nominated as substitute. No shareholder may endorse more than 1 (one) of the mentioned lists. Existing more than one list, the voting will focus over the whole set of them.

The General Shareholders' Meeting may not proceed to the election of any further Directors until one, two or three have been elected, as per the dispositions above, unless the above mentioned lists have not been presented. In the case of there being no elected Director, his/her respective substitute shall be called. In the case of there being no substitute, a new election shall be called, in which the above dispositions shall be applied with the necessary adaptations.

17. Composition of the Board of Directors

The Board of Directors is currently made up of 5 members who are responsible for carrying out all the management functions to implement the operations inherent to its corporate goals, acting in the best interests of the Company, its shareholders and other stakeholders. On December 31, 2015 this corporate board was composed of the following members:

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

All Board of Director's members were appointed by the Shareholder's General Meeting held in April, 24, 2014 for the period 2014/2016.

NAME	FIRST APPOINTMENT	END OF MANDATE
Paulo Jorge dos Santos Fernandes	1990	31 December 2016
João Manuel Matos Borges de Oliveira	1990	31 December 2016
Domingos José Vieira de Matos	1990	31 December 2016
Pedro Miguel Matos Borges de Oliveira	May 2009	31 December 2016
Ana Rebelo Carvalho Menéres Mendonça	May 2009	31 December 2016

18. Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent

As of December 31, 2015, the Board of Directors included three non executive members: Domingos José Vieira de Matos, Pedro Miguel Matos Borges de Oliveira and Ana Rebelo Carvalho Menéres Mendonça.

The Board Directors does not include any member that satisfies the standard of independence referred in recommendation II.1.7 of Corporate Governance Code issued by the Portuguese Securities Regulator (CMVM) since the three directors are holders of qualifying holdings in the Company's share capital.

Despite this circumstance, allow an independent and informed decision to the non-executive directors the Company has the following mechanisms:

- Notices of meetings of the Board of Directors sent to all directors include the agenda, even tentatively, of the meeting, and are accompanied by all the relevant information and documentation;
- The availability of executive directors to provide to non-executive directors, any additional information which they consider relevant or necessary, and to carry out studies and more in-depth analysis in relation to all matters to be decided upon or are under review in some way, in the Company;

- Availability of minutes books, records, documents and other records of operation of the Company or the subsidiaries, for examination, as well as the provision and promotion of a direct channel of obtaining information from the managers and operational and financial officers of several companies that are part of the Group, without requiring any intervention of the executive directors in this process.

Given the corporate model adopted and the composition and mode of operation of its governing boards, including the independence of the supervisory boards, without, delegation of powers among them, the Group considers that the designation of independent directors to the Board would not yield significant improvements for the proper functioning of the corporate governance model, which has revealed itself proper, adequate and efficient.

It should be added that Director's report includes in its chapter "Activity developed by the non-executive members of the Board," a description of the activity of the non-executive Directors during 2015.

19. Professional qualifications and other relevant curricular information of each member of the Board of Directors

The qualifications, experience and positions held in other Companies by the members of the Board of Directors are presented in Appendix I.

20. Customary and meaningful family, professional or business relationships of members of the Board of Directors with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights

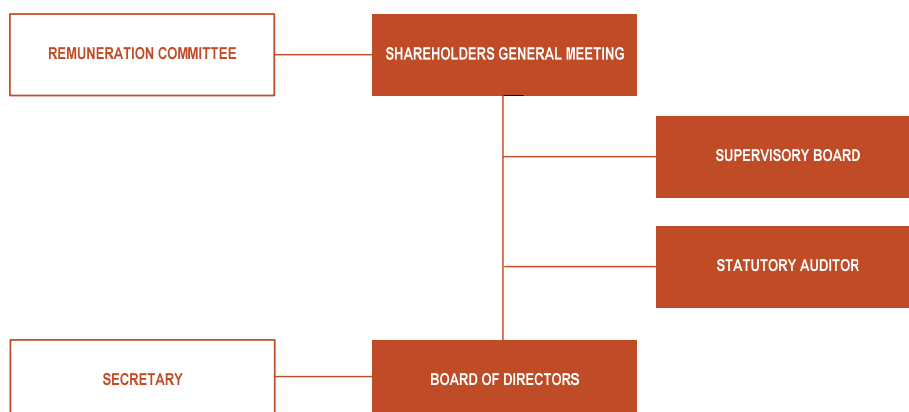
The director Paulo Jorge dos Santos Fernandes is a director and dominant shareholder of ACTIUM CAPITAL – SGPS, S.A. which owns 13.05 % in the share capital of Cofina, SGPS, S.A..

The director João Manuel Matos Borges de Oliveira is director of INDIAZ, S.A., which owns 15.01 % of the share capital of Cofina, SGPS, S.A.. Additionally, that director is brother of the non-executive director Pedro Miguel Matos Borges de Oliveira who, by its turn, owns 7.53% of the share capital of Cofina, SGPS, S.A..

The director José Domingos Vieira de Matos is a director and dominant shareholder of LIVREFLUXO - SGPS, SA which owns 12.09 % in the share capital of Cofina, SGPS, S.A..

The company Promendo SGPS, S.A., owner of 19.98 % of the share capital of Cofina, SGPS, S.A. has as its director and dominant shareholder Ana Rebelo de Carvalho Menéres Mendonça, non-executive director of Cofina.

21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management



The Board of Directors develops its management functions and coordination of the Group companies on a collective basis and is currently made up of a president and four members, three of them being non-executive.

The Board of Directors has been exercising its activity in constant dialogue with the Supervisory Board and the Statutory Auditor, providing the requested assistance with transparency and rigor, complying their regulations and best practices of corporate governance.

There is no limit to the maximum number of positions that the Board members can accumulate as directors of other companies. The members of Cofina's Board of Directors are, in most cases, part of the management of the most significant group companies, so as to enable their activities to be more closely monitored.

The Board of Directors believes that due to its organizational structure, the only essential specialized commission taking into account its size and complexity, is the Remuneration Committee, as explained in paragraph 27 below.

The Remuneration Committee is the body responsible for performance evaluation and approving the remuneration of Board members and other corporate bodies, in compliance with the remuneration policy of the Company, approved by shareholders in General Meetings.

Cofina's Corporate Finance department, given its integrated and cross-sectional view at the level of all companies in the group, is responsible, on the one hand, for the definition of financial management strategies and policies and, second, to secure interface capital markets, debt and banking. Cofina's Corporate Finance will also develop mechanisms necessary to implement the outlined financial management strategies and policies.

The planning and management control area provides support in the implementation of corporate strategies and / or business, followed by the group. This area prepares and analyzes management information at the level of all companies in the group, as well as at consolidated level, monthly, quarterly, semi-annual and annual monitoring deviations from budget and proposes the necessary corrective measures. Also bears responsibility for building business plans, integrating multidisciplinary work teams created for this purpose, activities that develops along with the ongoing development and technical studies and benchmark existing businesses in order to monitor the performance of Cofina having regard to its strategic position.

The legal area of Cofina provides legal support in all areas of group activity, monitoring and ensuring,

on the one hand, the legality of the developed activities of Cofina, and ensuring, on the other, relations with Euronext Lisbon, with the CMVM and the shareholders when legal matters are under discussion. This area is also responsible for monitoring the corporate governance policy with a view to achieving best practice in this area. This area will also have the responsibility for drawing and / or analyze of contracts that maximize safety and reduce legal risks and potential costs, the management of issues relating to intellectual and industrial property used by the group, such as patents and trademarks, logos, domains and copyright, still exercising the corporate secretarial functions on a permanent monitoring of legal compliance, supporting the Board of Directors to implement their strategies.

The area of investor relations establishes the relationship between the group and the financial community, permanently disseminating relevant and updated information on its activity. This area is also responsible for assisting the Board of Directors in providing updated information on the capital market as well as aid for the management of institutional relations of Cofina, establishing permanent contact with institutional investors, shareholders and analysts and representing the group in associations, forums and events (national or international).

In addition, the operating companies of Cofina have their own management control bodies that exercise their activity at all levels of the subsidiary companies and prepare monthly reports, periodically reported to the respective Boards of Directors.

The distribution of functions between the various members of the Board of Directors is carried out as follows:

Paulo Fernandes	<i>Chairman</i>
João Borges de Oliveira	<i>Chief Financial Officer</i>
Domingos Matos	Non-executive member
Pedro Borges de Oliveira	Non-executive member
Ana Rebelo Mendonça	Non-executive member

Generically, Cofina directors focus their activities in managing the Group holdings and defining its strategic development guidelines. Cofina has not designated an Executive Committee. The strategic decisions are taken by the Board including all its members, executives and non-executives, in the normal accomplishment of their duties.

The daily management of each subsidiary is a responsibility of its Board of Directors, which includes some of Cofina's directors but also some other members with defined functions and competences.

Thus, and taking into consideration the activities developed by the Board Members, both in Cofina and in the several subsidiaries, the functional organizational chart can be presented as follows:

Cofina SGPS

BOARD OF DIRECTORS:

Paulo Fernandes
João Borges de Oliveira
Domingos Matos
Pedro Borges de Oliveira
Ana Mendonça

b) Functioning

22. Availability and place where rules on the functioning of the Board of Directors may be viewed

The Board of Directors operating rules is available for consultation in Cofina's website (www.cofina.pt) (tab "About Cofina", section "Corporate Governance").

23. The number of meetings held and the attendance report for each member of the Board of Directors

The Company's Articles of Association provide that the Board of Directors shall meet whenever convened by its chairman, on his own initiative or at the request of any other officer and at least once a month.

During 2015, the Board of Directors met twelve times and assiduity corresponded in seven meetings, to 100% and in five meetings only the director Pedro Macedo Pinto de Mendonça was missing, which presented, for all meetings, justification for his absence, considered acceptable.

The Board of directors meetings are scheduled and prepared in advance, and timely documentation relating to the matters contained in its agenda is provided, to ensure all members of the Board the conditions for the informed exercise of their functions. Similarly, minutes of meetings, once approved, and the respective notices of meeting are forwarded to the President of the Supervisory Board.

24. Details of competent corporate boards undertaking the performance appraisal of executive directors

The performance assessment of executive directors belongs to the Remuneration Committee and is based on the functions performed by them in Cofina and in its subsidiaries, in compliance with the remuneration policy of the Company, approved by shareholders in General Meetings.

The assessment is based on the functions performed by members representing the Board of Directors and other corporate bodies in Cofina, considering the responsibilities assumed by each of these members, the value added by each and the accumulated knowledge and experience on the job.

25. Predefined criteria for assessing executive directors' performance

The remuneration of executive members of the Board of Directors includes a variable component of

medium term (which will be calculated over the period of two mandates 2011 to 2013 and 2014-2016) computed based on total shareholders' return (share appreciation plus paid dividends), on the sum of net profit for that period (2011 to 2016) and on the evolution in the Company's business.

26. Availability of each member of the Board of Directors and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year

The professional activity of the current members of Cofina's Board of Directors, with reference to other companies where they have directors' functions and other relevant activities undertaken are presented in Appendix I.

It should be noted that the members of the Board of Directors showed their total commitment and availability in the exercise of their functions being present and participating in almost 100% of all meetings of the Board.

c) Committees within the Board of Directors

27. Details of the committees created within the Board of Directors and the place where the rules on the functioning thereof is available

The Board of Directors believes that the only committee required to meet the essential needs of the Company, considering its size, is the Remuneration Committee.

Cofina has set a Remuneration Committee for the period 2014/2016, which composition is as follows:

João da Silva Natária – President

José Francisco Pais da Costa Leite – Member

Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

The Remuneration Committee has a valid operating regulation for the current term, approved at a meeting of that committee held on December 2014 and which is available for consultation on the Company's website (www.cofina.pt) (tab "About Cofina", "Corporate Governance" section).

28. Composition, if applicable, of the executive board and/or identification of board delegates

Cofina, considering its organizational structure, and the small size of the Board of Directors, composed by five members, considers to be unnecessary a formal appointment of an Executive Committee on the Board of Directors.

Nevertheless, as stated in paragraph 18 of this report, two members of the Board of Directors perform executive functions, observing the following:

- (i) notices of meetings of the Board of Directors sent to all directors include the agenda, even tentatively, of the meeting, and are accompanied by all the relevant information and documentation;
- (ii) availability of executive directors for the provision to non-executive directors, of any additional information which they consider relevant or necessary, and to carry out further studies and analyses in relation to all matters which are the subject of deliberation or that, are under review in some way, in the Company;
- (iii) the non – executive directors have wide powers to obtain information on any aspect of the

Company, to examine its books, records, documents and other historic facts of the Company's operations. They can request relevant information directly to the directors and to the financial and operating senior staff of all group companies, without requiring any intervention of the executive directors in this process.

Thus, the Company considers that the necessary conditions for decisions on strategic matters are assumed, taken by the Board of Directors as a body composed of all of its members, executive and non-executive, in the normal performance of their duties, enlightened and informed way, totally focused on creating value for shareholders.

However, the Board has regularly reflected on the adequacy of its organizational structure, always concluding that its structure is aligned with the best corporate governance practices, which has materialized in a positive performance.

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers

As mentioned in the paragraphs 27 and 28, the Board of Directors believes that the only specialized committee indispensable to satisfy the needs of the Company, considering its dimension, is the Remuneration Committee.

According to the Articles of Association, the Remuneration Committee is the corporate body responsible for performance evaluation and approving the remuneration of Board members and other corporate bodies, in compliance with the remuneration policy of the Company, approved by shareholders in General Meetings.

The performance assessment of executive directors belongs to the Remuneration Committee and is based on the functions performed by them in Cofina and in the Group as well as the responsibility and the value added by each one of the directors and the accumulated experience and knowledge on their functions.

III. SUPERVISION

a) Composition

30. Details of the Supervisory Board representing the model adopted

The Supervisory Board and Statutory Auditor are the supervision bodies of the Company.

31. Composition of the Supervisory Board with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member

The Supervisory Board is appointed by the Shareholders' General Meeting, for a three years mandate, composed of three members and one or two substitutes, responsible for the supervision of the Company and the appointment of the Statutory Auditor. For 2014 until 2016, the Supervisory Board was composed by the following members:

Pedro Nuno Fernandes de Sá Pessanha da Costa – President

André Seabra Ferreira Pinto – Member

José Guilherme Barros Silva – Member

Luís Filipe Alves Baldaque de Marinho Fernandes – Substitute

The Supervisory Board members were appointed for the first time in April 2014.

32. Details of the members of the Supervisory Board which are considered to be independent pursuant to Article 414/5 of Portuguese Companies Act

As a collective board, the assessment of independence of the Supervisory Board is made to all those who compose it, given the application of the number 6 of Article 414 of the Portuguese Companies Act, considering independence in accordance with the definition that is given by number 5 of article 414 and incompatibility according to definition of the number 1 of article 414-A, both of the Portuguese Companies Act. All members that compose the Supervisory Board comply the rules of incompatibility and independence identified above.

33. Professional qualifications of Supervisory Board members' and other relevant curriculum information

As regards the skills to exercise these functions, all members have appropriate skills to fulfil their duties and the chairman is adequately supported by the other members of the Supervisory Board. Appendix I presents the qualifications and professional activities of the members of the Supervisory Board.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed

The Supervisory Board regulations are available on the website of Cofina (www.cofina.pt) (tab "About Cofina", section "Corporate Governance").

35. Number of meetings held and the attendance report for each member of the Supervisory Board

During 2015 the Supervisory Board of the Company met 4 times, with presence of all its members in three of the meetings, and the corresponding minutes are recorded in the minutes' book of the Supervisory Board.

36. The availability of each member of the Supervisory Board indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of this Board throughout the financial year

The members of the Supervisory Board showed availability in the exercise of their duties attending and participating in all meetings of the Board. The information regarding other undertaken positions, qualifications and professional experience of the Supervisory Board members are detailed in Appendix I.

c) Powers and duties

37. Description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

The Supervisory Board analyses and approves the nature of other additional services to be performed by the External Auditor, evaluating if independence is ensured.

The Supervisory Board, exercising its functions, carries out an annual evaluation of independence of the External Auditor, particularly regarding non-audit services. Additionally, the Supervisory Board receives, on an amount basis, the declaration of independence of the External Auditor where the services rendered by it and by other entities of the same network, their fees, possible threats to their independence and safeguard measures are described. All the potentials threats to the independence of the External Auditor are evaluated and discussed with him as well as the respective safeguard measures.

The Board of Directors, at the request of the projects assigned to the group companies' auditors, ensures, before its adjudication, that no services are contracted to them or to their network that, in accordance with the recommendation of the European Commission no. C (2002) 1873 of 16 May, would threaten their independence.

38. Other duties of the supervisory board

The supervision of the Company is assigned to the Supervisory Board, as provided by article no. 420 of the Portuguese Companies Act.

The Supervisory Board also represents the Company regarding the External Auditor and Statutory Auditor and is responsible for proposing the provider for these services, their remuneration and to ensure that they are guaranteed, within the group, suitable conditions to provide their services. The Supervisory Board is the first recipient of the reports issued by the External Auditor as well as the group's representative in the relationship with that entity.

The Supervisory Board is responsible for preparing an annual report on its activity and for giving an opinion on the annual report and proposals presented by the Board of Directors as well as monitor the effectiveness of risk management and internal control.

The Board of Directors, together with the Supervisory Board, regularly reviews and oversees the preparation and disclosure of financial information in order to prevent access, improper and untimely of third parties to relevant information.

Additionally, the Supervisory Board issues an opinion on transactions between the directors of Cofina and the company or between Cofina and companies in a group or domain relationship with the one in which the interested part is director, regardless of the amount, under article 397 of Portuguese Companies Act. The External Auditor, within the annual audit, analyses the functioning of the internal control mechanisms and reports deficiencies identified; verifies that the key elements of internal control systems and risk management implemented in the Company in relation to the process of financial reporting are presented and disclosed in the annual Corporate Governance Report and issues a legal certification of accounts and audit report, which certifies whether that report disclosed about the structure and practices of corporate governance includes the elements referred to in Article 245 -A of Securities Code.

During 2015, the Statutory Auditor monitored the development of the Company's activity and carried out the tests and inspections deemed necessary to the review and legal certification of the accounts, in interaction with the Supervisory Board and with full cooperation of the Board of Directors.

In addition, the Statutory Auditor pronounced itself on the work it developed in 2015 in its annual audit report subject to the assessment of the Shareholders' Annual General Meeting.

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner that represents same

The Statutory Auditor of the Company for the period 2014/2016 is Deloitte & Associados, SROC S.A., represented by António Manuel Martins Amaral or Miguel Nuno Machado Canavarro Fontes.

40. Number of years that the statutory auditor consecutively carries out duties with the company and/or group.

Deloitte & Associados, SROC, S.A., is responsible for the functions of the Statutory Auditor since 2002 and was reelected for another mandate under the proposal from the Supervisory Board, in the General Meeting of April 24, 2014.

The proposal submitted by the Supervisory Board for the election of Deloitte & Associados, SROC, S.A. for a new mandate was supported by a previous study in which the auditor's independence was considered and the advantages and disadvantages of maintaining. Such a proposal was presented based on the conviction that the quality of the work done by Deloitte & Associados, SROC, S.A. and its experience in the sector where Cofina acts, overlap the possible drawbacks in its maintenance. It was surely conviction of that body that maintaining Deloitte & Associados, SROC, S.A. in functions would not damage the integrity and the independence with which they would still exercise in the Company.

41. Description of other services that the statutory auditor provides to the company

The Statutory Auditor is simultaneously the External Auditor of the company as detailed in sections below.

V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number at the CMVM

The External Auditor of the Company is Deloitte & Associados, SROC, S.A. appointed in accordance with article 8 of CVM, registered under the number 231 in the Portuguese Securities Regulator (CMVM), represented by Miguel Nuno Machado Canavarro Fontes.

43. State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or

group

The External Auditor was elected for the first time in 2002 and the partner that represents it is in duty since 2014.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties

The policy adopted by the Supervisory Board on this matter, has been to previously to proposals for the election of the External Auditor for a new term, carry out a thorough evaluation of the advantages and drawbacks of the maintenance functions of that auditor, and not just adopt the principle of rotation at the end of three terms, if from that evaluation results the conviction that staying in office beyond that period, does not endanger the required and necessary independence of the said Auditor.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out

The Supervisory Board, in the fulfilment of its functions, annually assesses the External Auditor independence. Additionally, the Supervisory Board promotes whenever necessary or appropriate in light of developments in the Company's business or the evolution of the market, a reflection on the adequacy of the External Auditor to carry out its duties.

46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment

Other services rendered by the External Auditor in 2015 included, essentially, the over right and review of the merger process that had began in 2014 and was concluded in 2015 within the Group.

The other services and other audit reliability services are performed by different teams of those involved in the audit process, as to enhance auditor's independence.

The Supervisory Board has reviewed and approved the scope of those services and concluded that they did not threaten the independence of the External Auditor. In this particular aspect, the hiring of Deloitte & Associados, SROC, S.A. proved to be the most appropriate due to its solid experience and expertise in the field of taxation. Moreover, the actions of Deloitte & Associados, SROC, S.A. are often articulated with technicians and experts independent from its network, namely consultants.

In 2015, the fees charged by Deloitte & Associados, SROC, S.A. to Cofina's Group represented less than 1% of the total annual turnover of Deloitte & Associados, SROC, S.A. in Portugal. The quality system of the External Auditor controls and monitors the potential risk of loss of independence or conflicts of interest with Cofina.

47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services:

<u>By the company</u>	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
Audit and statutory audit services (€)	13,300	7.92%	12,300	4.56%
Other attest services (€)	-	0.00%	-	0.00%
Tax consulting services (€)	-	0.00%	43,000	15.95%
Other services (€)	-	0.00%	-	0.00%
<u>By group companies</u>				
Audit and statutory audit services (€)	134,701	80.19%	147,700	54.78%
Other attest services (€)	19,980	11.89%	66,600	24.70%
Tax consulting services (€)	-	0.00%	-	0.00%
Other services (€)	-	0.00%	-	0.00%
<u>Total</u>				
Audit and statutory audit services (€)	148,001	88.11%	160,000	59.35%
Other attest services (€)	19,980	11.89%	66,600	24.70%
Audit services subtotal	167,981	100.00%	226,600	84.05%
Tax consulting services (€)	-	0.00%	43,000	15.95%
Other services (€)	-	0.00%	-	0.00%
	167,981	100.00%	269,600	100.00%

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. Rules governing amendment to the articles of association

The Statutory amendments follow the applicable legal terms, including the Portuguese Companies Act, which require a majority of two-thirds of votes for the adoption of such resolution.

II. REPORTING OF IRREGULARITIES

49. Reporting means and policy on the reporting of irregularities in the company

In Cofina, and as a result of the applicable legal dispositions, any reports of irregularities that substantiate violations of ethical or legal nature with significant impact in the fields of accounting, the fight against corruption and the financial and banking crime, must be addressed to the Supervisory Board.

Irregularities in relation to matters other than those mentioned above, should be addressed to the Board of Directors.

Considering the proximity of the members of the Board of Directors to the activities of the several Group companies and the respective employees, Cofina considers that such proximity allows that, whenever irregularities are detected, the Board of Directors is promptly informed, which ensures the implementation of procedures which handle in an effective and fair way the eventual irregularities that are detected.

Regarding the competences in the evaluation of ethical issues and the corporate governance structure, such functions are performed directly by the Board of Directors, which maintains a constant debate over this matter.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems

Risk management, as a key issue of the principles of good corporate governance is an area considered critical in Cofina, which promotes permanent awareness of all employees, at all levels of the organization, putting in them such responsibility in all processes of decision-making.

Cofina has no autonomous internal audit and compliance services. Risk management is ensured by the several Cofina's operating units based on a preliminary identification and prioritization of critical risks, by developing risk management strategies in order to implement control procedures considered appropriate to reduce the risk to an acceptable level.

Cofina has been monitoring the appropriation of this risk management model that has proved to be entirely appropriate given the organizational structure of the Company.

51. Detail of hierarchical and/or functional dependency in relation to other boards or committees of the company

The Supervisory Board is responsible for supervising actions taken related to the evaluation of the operation of risk management mechanisms. It is therefore responsibility of this corporate body the supervision of the actions carried out by the Company in these matters.

The External Auditor, in the exercise of its functions, checks the adequacy of mechanisms and procedures involved ensuring the reporting of its conclusions to the Supervisory Board.

The Board of Directors is responsible for monitoring these mechanisms and procedures.

52. Other functional areas responsible for risk control

The Board of Directors is the body responsible for setting the overall strategic guidelines of the group, and is duly supported by the subsidiary management teams, ensuring not only the continuous monitoring, and the reporting to the Board of Directors of Cofina, of their situations detected, to ensure continuous and effective risk controls.

Risk management is ensured by various Cofina's operating units. The methodology of risk management includes several steps:

- First, internal and external risks that may materially affect the Groups' strategic objectives are identified and prioritized;
- The operational management of the various business units identify risk factors and events that may affect the operations and activities of Cofina, as well as any procedures and control mechanisms;

- Additionally, the impact and the probability of occurrence of each risk factor are weighted and according to the exposure level, the need to respond to the risk is evaluated; and
- The risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

The Board of Directors decides the level of exposure assumed by the group in its various activities and, without prejudice, the delegation of tasks and responsibilities, sets overall limits of risk and ensures that policies and procedures for risk management are followed.

In the monitoring of the risk management process the Board of Directors as a board responsible for Cofina's strategy, has the following objectives and responsibilities:

- Be aware of the most significant risks affecting the group;
- Ensure the existence within the Group, of appropriate levels of knowledge of the risks affecting the operations and how to manage them;
- Ensure the disclosure of the risk management strategy at all levels of hierarchy;
- Ensure that the Group is able to minimize the likelihood and impact of risks in the business; and
- Ensure that the risk management process is adequate and that it maintains a close monitoring of those risks with higher probability of occurrence and higher impact in the group's operations.

The subsidiaries manage their own risks, within the established criteria and delegations set by the board of Directors.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity

The Board of Directors considers that the Group is exposed to the normal risks associated with its operations, namely in its operating units. Therefore, the main risks considered by the Group are:

Credit Risk

Like every activity involving a commercial component, credit risk is one key factor that is considered by the Board of Directors on operating units. This risk is firstly monitored and controlled through a system for collecting financial and qualitative information, provided by entities that provide credible risk information, which allows customers to evaluate the feasibility of the fulfilment of their obligations, in order to minimize the risk associated with granting credit. Credit risk evaluation is done on a regular basis, by analysing the current economic environment conditions, in particular the credit situation of each company and, when necessary, adopting the corrective measures.

The Group's exposure to credit risk is mainly attributable to the accounts receivable resulting from the Group's operating activity, which is mitigated by the financial discounts policy regarding advanced payments or prompt payments in cash. This risk is monitored on a regular basis by each of the Group companies, which intend to:

- Limit the credit granted to customers, considering their profile and the ageing of receivables;
- Monitor the evolution of the credit level granted;
- Analyse the recoverability of the receivables on a regular basis.

Interest Rate Risk

Considering the Group's debt, possible variations on the interest rate may have an unwanted impact

on the results. Therefore, the Group adopts a balanced position between the cost of the debt and its exposure to the interest rate variability. When the reasonable risk is exceeded, the Group engages in interest rate swap contracts in order to reduce its exposure to risk and to restrict the potential volatility of results.

The interest rate risk is mainly related to interests of commercial paper and bonds at a variable interest rate. In order to reduce the level of risk that the Group is exposed, Cofina hired in the past hedging products with fixed interest rate. As of December 31, 2015, the Group has no hedging products with fixed interest rate, having such products contracted in the past matured in December 31, 2014.

The Group's sensitivity to variations in the interest rate is limited by the existence of hedging derivatives, as referred above, which are recorded at their market value. This is obtained based on external valuations performed by independent entities.

Liquidity Risk

Liquidity risk can occur if the sources of financing, such as operating cash flows, disinvestment cash flows, credit lines and cash flows from financing operations obtained do not meet the financing needs, such as cash outflows for operating activities and financing, investment, return on shareholders and reimbursement of debt.

As a mean to mitigate this risk, the Group aims to maintain a net position and an average debt maturity that allows its reimbursement in adequate terms.

Regulatory Risk

The Company is subject to national and activity laws and rules of the market where it works, which aim to ensure: the security and protection of costumers and of environment, employees' rights and the maintenance of an open and competitive market. Thus, Cofina is naturally exposed to the risk of regulatory changes, which may affect the way the business is managed and, consequently, harm or prevent the achievement of strategic goals.

The Company's attitude is of permanent cooperation with the authorities regarding the respect and observance of the law.

Market Risk

Competition

Risk related to the entrance of new competitors or repositioning of the current ones and with the actions that they may take in order to increase their market share (introducing new concepts, innovation, etc.). The inability of competing in areas such as the price, product portfolio, quality and service may have adverse effects on the financial results of the Group. In order to minimize this risk, Cofina performs constant benchmarking of its competitors actions and invests in new products and formats in order to always offer its customers innovative proposals.

Customers

A fundamental risk factor in the media business is the consumers' tendency to change their consumption patterns, depending mostly of social and economic factors.

Consumers frequently change their preferences and expectations, which demands a continuous adaptation and supply improvement. In order to anticipate the market and consumer trends, the Group regularly analyses the information regarding the readers' behaviour, based on market and opinion studies made by independent entities with high reputation in the market.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

As mentioned in paragraph 52, the Board of Directors is the body responsible for setting the overall

strategic guidelines of the group, and is duly supported by the subsidiary management teams, ensuring not only the continuous monitoring, and the reporting to the Board of Directors of Cofina, of the situations identified, to ensure continuous and effective risk controls.

The process of identification and evaluation, monitoring, control and risk management in Cofina works as follows:

The risks that the group faces in the normal course of its business are identified. For all identified risks, the impact on financial performance and the value of the group is measured. The risk value is compared with the costs of hedging instruments, if available and, consequently, the development of identified risks and the hedging instruments is monitored, which follows, more or less, in compliance with the following methodology:

- First, internal and external risks that may materially affect the Groups' strategic objectives are identified and prioritized;
- The operational management of the various business units identify risk factors and events that may affect the operations and activities of Cofina, as well as any procedures and control mechanisms;
- Additionally, the impact and the probability of occurrence of each risk factor are weighted and according to the exposure level, the need to respond to the risk is evaluated; and
- The risk mitigation actions are monitored and the level of exposure to critical factors is constantly monitored.

The Company has implemented additional risk management strategies that aim to ensure, essentially, that the systems and control procedures and the established policies allow answering expectations of management bodies, shareholders and other stakeholders.

Some of these strategies are as follows:

- Systems and control procedures and policies are established in accordance with all applicable laws and regulations;
- The financial and operational information is complete, reliable, safe and reported on a regular and timely manner;
- Cofina resources are used efficiently and rationally; and
- The shareholder value is maximized and operational management takes the necessary measures to correct problems reported.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information

In what refers to risk control in the process of disclosure of financial information, a form of control is the involvement of a very limited number of Cofina employees in the process.

All involved in financial analysis are considered as having access to privileged information and is especially knowledgeable about the content of their obligations as well as the sanctions resulting from the misuse of such information.

The internal rules for the disclosure of financial information are intended to secure their timing and prevent the asymmetry of the market.

The system of internal control in areas of accounting and preparation and disclosure of financial information is based on the following key elements:

- The use of accounting principles, detailed throughout the notes to financial statements, is one of the bases of the control system;
- Plans, procedures and records of the Company and its subsidiaries provide reasonable assurance that transactions are recorded only when properly authorized and that such transactions are recorded in accordance with generally accepted accounting principles;
- Financial information is analysed in a systematic and regular basis by the management of operational units, ensuring a permanent monitoring and control of its budget;
- During the process of preparing and reviewing financial information, a timetable for closure of accounts is previously established and shared with the different areas involved, and all documents are reviewed in depth;
- At the level of individual financial statements of the various group companies, the accounting records and the preparation of financial statements are provided by administrative and accounting services. The financial statements are prepared by an official chartered accountant and reviewed by the financial management of each subsidiary;
- The consolidated financial statements are prepared quarterly by the consolidation team. This process is an additional element of monitoring the reliability of financial reporting, particularly by ensuring the uniform application of accounting principles and procedures for cut-off of operations as well as check balances and transactions between group companies;
- The consolidated financial statements are prepared under the supervision of the CFO. The annual report is sent for review and approval by the Board of Directors. After the approval, the documents are sent to the External Auditor, which issues the Statutory Audit and Auditor's Report; and
- The process of preparing the financial information and consolidated directors' report is monitored by the Supervisory Board and by the Board of Directors. Each quarter, these corporate boards meet and analyse the individual and consolidated financial statements of the Company.

As regards to risk factors that could materially affect the accounting and financial reporting, we should highlight the use of accounting estimates that are based on the best available information during the preparation of financial statements as well as the knowledge and experience of past or present events. We also stress the balances and transactions with related parties: Cofina's Group balances and transactions with related parties relate essentially to the operational running of the group companies as well as to granting and obtaining loans at market rates.

The Board of Directors, together with the Supervisory Board, regularly review and monitor the preparation and disclosure of financial information in order to prevent access, improper and untimely, of other persons to relevant information.

IV. Investor Assistance

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details

The Company has an investor assistance department which includes the group's market liaison officer and the investor relations.

The contact for investors to obtain information is as follows:

Rua General Norton de Matos, 68 – R/C
4050-424 Porto
Tel: (351) 22 834 65 00
Fax: (351) 22 834 65 09
Email: sede@cofina.pt

Cofina provides financial information relating to its individual and consolidated operations, as well as that of its subsidiary companies, through its official internet website (www.cofina.pt). This website is also used by Cofina to provide information on press releases, previously disclosed in the Information Disclosure System of the CMVM, as well as any relevant facts occurring in the life of the Company. This page also includes Cofina Group's reports and accounts of the latest years. The majority of the information is available in the site both in Portuguese and in English.

57. Market Liaison Officer

The functions of group's market liaison officer are performed by Miguel Valente and the functions of investor relations by Ricardo Mendes Ferreira.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

Whenever necessary, the market liaison officer provides all relevant information regarding the events, facts considered relevant, disclosure of quarterly results and answers to any requests for clarification by the investors or the general public on public financial information. All requested information from investors is analysed and addressed in a maximum of five days.

V. Website

59. Address(es)

Cofina has a web site available with information about the Company and the Group. The address is: www.cofina.pt.

60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available

[www.cofina.pt \ about cofina \ company profile](http://www.cofina.pt/about_cofina/company_profile)

61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available

[www.cofina.pt \ investors \ articles of association](http://www.cofina.pt/investors/articles_of_association)
[www.cofina.pt \ about cofina \ corporate governance \ archive](http://www.cofina.pt/about_cofina/corporate_governance/archive)

62. Place where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective

functions and contact details

www.cofina.pt \ about cofina \ corporate governance \ archive

www.cofina.pt \ investors \ ir contacts

www.cofina.pt \ investors \ investor support office

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements

www.cofina.pt \ investors \ reports

www.cofina.pt \ investors \ financial calendar

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

www.cofina.pt \ investors \ annual meetings

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available

www.cofina.pt \ investors \ annual meetings

D. REMUNERATION

I. Power to establish

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company

The Remuneration Committee is responsible for approving the remuneration of the Board of Directors and other corporate bodies representing the shareholders, in accordance with the remuneration policy approved by the shareholders at the General Meeting.

II. Remuneration Committee

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor

Cofina, SGPS, S.A. has set a Remuneration Committee for the period 2014/2016, whose composition is as follows:

João da Silva Natária – President

José Francisco Pais da Costa Leite - Member

Pedro Nuno Fernandes de Sá Pessanha da Costa – Member

All members of the Remuneration Committee are independent from the members of the Board of Directors. Additionally, in 2015 no persons or entities were hired to assist Remuneration Committee members.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee

The experience and the professional qualifications of the Remuneration Committee members are in their curricula available on the Company's website, www.cofina.pt, tab "Investors", section "Annual Meetings/2014/Résumés".

Cofina believes that the experience and professional careers of the members of the Remuneration Committee allow them to perform their duties accurately and effectively. In particular, João da Silva Natária has extensive experience and specific knowledge in matters of remuneration policy. Additionally, and whenever necessary, this committee uses specialized resources, internal or external, to support its decisions.

III. Remuneration structure

69. Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June

As provided in Law 28/2009, of 19 June, a statement on the remuneration policy of the management and supervisory boards is submitted annually for consideration by the General Shareholders Meeting.

The policy on remuneration and compensation of the corporate bodies of Cofina, adopted at the General Meeting held on 14 April 2015, respects the following principles:

BOARD OF DIRECTORS:

In order to establish the value of individual remuneration of each director, the following should be taken into account:

- The functions performed at Cofina, SGPS, S.A, and its subsidiaries;
- The responsibility and the value added by individual performance;
- Knowledge and cumulative experience on the job;
- The economic situation of the Company;
- The remuneration in companies within the same sector and in other companies listed on Euronext Lisbon.

The global fixed remuneration for all the members of the Board of Directors, including the remuneration that the subsidiaries pay to the members that integrate the Board of Directors, cannot exceed 1.25 million Euro per year.

1. Executive directors

- Fixed component, amount paid monthly.

- Medium term variable component:

Intended to more strongly align the interests of executive directors with those of shareholders and will be calculated covering the period of two mandates. 2011-2013 and 2014-2016, based on:

- Total shareholder return (shares appreciation plus dividend distributed)
- Sum of the consolidated net results of the six years (2011 to 2016)
- Company' business evolution

The total medium term component cannot exceed 50% of fixed remuneration earned during the period of the six years.

2. Non-executive directors

The individual remuneration of any non-executive director may not exceed 100,000 Euro per year, being exclusively fixed.

SUPERVISORY BOARD

The remuneration of Members of the Supervisory Board will be based on yearly fixed amounts at levels considered adequate for similar functions.

GENERAL SHAREHOLDERS MEETING

The remuneration of the members of the General Shareholders Meeting will be exclusively fixed and will follow market practices.

STATUTORY AUDITOR

The Statutory Auditor will have a fixed fee appropriate to the respective functions and in accordance with market practice, under the supervision of the Supervisory Board.

COMPENSATION FOR TERMINATION OF FUNCTIONS BEFORE ON OR TERM OF MANDATE

The remuneration policy maintains the principle of not covering the granting of any compensation to directors or other governing bodies, concerning their termination of functions, either early or at the scheduled end of their duties, subject to compliance with the legal provisions in force.

SCOPE OF PRINCIPLES

The principles that follow remuneration policies and compensation specified in this policy include not only the salaries paid by COFINA SGPS, S.A. but also the salaries that are paid to members of the Board of Directors by companies controlled directly or indirectly by it.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.

The remuneration policy for executive directors aims to ensure a proper and thorough compensation for the performance and contribution of each director for the success of the organization, aligning the interests of the executive directors with those of the shareholders and of the company. Additionally, the

remuneration policy provides for a variable component of deferred payment, aiming to more strongly align the interests of the executive directors with those of the shareholders and the long-term interests of the company.

The proposal for remuneration of executive directors are drawn up taking into account the functions performed in Cofina, and in its subsidiaries; the responsibility and added value by individual performance; the knowledge and the experience on the job; the economic situation of the company; the remuneration earned in other companies from the same sector; and other companies listed on NYSE Euronext Lisbon. Regarding the latter point, the Remuneration Committee takes into account all national companies of equivalent size, particularly those listed on Euronext Lisbon, and also companies in international markets with characteristics similar to Cofina.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component

In the General Shareholders Meeting held in 14 April 2015, the remuneration policy as detailed in paragraph 69 above was approved, which includes a variable component depending on performance during the period between 2011 and 2016.

No mechanisms to prevent executive directors from having employment contracts that question the grounds of the variable remuneration are implemented. However, the Remuneration Committee takes into account these factors in the criteria for determining the variable remuneration. The Company did not celebrate any agreements with members of the Board of Directors that have the effect of mitigating the risk associated to variability of the remuneration or has become aware of any identical contracts with third parties.

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period

There is currently no variable compensation which payment was deferred in time.

73. The criteria whereon the allocation of variable remuneration on shares is based

Cofina has not in place nor intends to have any form of compensation that may include shares or any other equity based compensation system.

74. The criteria whereon the allocation of variable remuneration on options is based

Cofina does not have in place any form of compensation that includes stock options.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits;

Cofina hasn't any annual bonus scheme nor any other non-financial benefits.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis

Cofina S.G.P.S., S.A. has no supplementary pension or early retirement schemes for corporate boards

or key staff.

IV. Remuneration disclosure

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same.

The compensation received by the non-executive members of the Board of Directors of Cofina during 2015, in the exercise of their functions, include only fixed remuneration, were paid directly by Cofina SGPS, S.A. and amounted to 84,000 Euro allocated as follows: Domingos Matos – 28,000 Euro; Ana Mendonça – 28,000 Euro; Pedro Borges de Oliveira – 28,000 Euro.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control

The compensation received by the two executive members of Cofina's Board of Directors, included only fixed remuneration, were fully paid by subsidiaries of the Group where they exercise management functions and amounted to Euro 263,220 allocated as follows: Paulo Fernandes – 131,610 Euro and João Borges de Oliveira – 131,610 Euro.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded

During the year, there was no remuneration in the form of profit sharing or bonuses.

80. Compensation paid or owed to former executive directors concerning contract termination during the financial year

During the year, no amounts relating to compensation to directors whose functions have ceased have been paid or become due.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board

The remuneration of the Supervisory Board is composed of a fixed annual amount based on Cofina's situation and on the current market practices. In the year ended 31 December 2015, the remuneration of the Supervisory Board members (elected for the job in 24 April, 2014) amounted to 26.620 Euro distributed as follows: Pedro Pessanha – 10.000 Euro; André Pinto – 8.310 Euro; Guilherme Silva – 8.310 Euro.

The remuneration of the Statutory Auditor is described in paragraph 47 above.

82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting

The remuneration of the Chairman of the Shareholders' General Meeting in the year ended 31 December 2015 was Euro 5,000.

V. Agreements with remuneration implications

83. *The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component*

The remuneration policy maintains the principle of not including the granting of any compensation to directors or other governing boards, concerning the termination of their functions, either early or at the scheduled end of their terms of office, subject to compliance with the legal provisions in force.

84. *Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid*

There are no agreements between the Company and members of the Board of Directors or other key staff, pursuant to paragraph 3 of Article 248-B of the Securities Code, which provide compensations in case of resignation, unfair dismissal or termination of employment contract following a takeover bid. There aren't also planned agreements with directors to ensure any compensation in case of non-renewal of their terms of office.

VI. Share-allocation and/or stock option plans

85. *Details of the plan and the number of persons included therein*

Cofina, SGPS, SA has no plan to grant shares or stock options to the Board of Directors nor to its employees.

86. *Characteristics of the plan*

Cofina, SGPS, SA does not have any plan to grant shares or stock options.

87. *Stock option plans for the company employees and staff*

There are no stock options granted for the acquisition of shares which benefit Company's employees and staff.

88. *Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees*

Not applicable as explained above.

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties

Currently, there are no established procedures or criteria for defining the relevant significance level of business between the Company and holders of qualifying holdings, or entities in any relationship or group with those shareholders, from which the intervention of the supervisory board is required.

However, the Company conducts its action with principles of rigor and transparency, with scrupulous observance of the competitive market rules.

90. Details of transactions that were subject to control in the referred year

No businesses or significant transactions between the Company and members of its governing boards (both management and supervision), the holders of qualified shareholdings, were performed, except those that are part of the current activity of the group and which were carried out under normal market conditions for similar transactions.

No businesses or transactions with the members of the Supervisory Board were performed.

The non-audit services provided by the Statutory Auditor were approved by the Supervisory Board and are detailed in paragraph 47 above.

Transactions with group companies are not material and were made under normal market conditions and are part of the current activity of the Company and therefore are not subject to separate disclosure.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity-relationships with the former

Transactions with Cofina directors or companies that are in a group or control relationship with the one in which the intervener is a director, regardless of the amount, are subject to the prior authorization of the Board of Directors with a favourable opinion of the Supervisory Board pursuant to Article 397 of the Portuguese Companies Act. In 2015 it was not necessary for the Supervisory Board to issue an opinion because no transactions that require the approval of that board occurred.

II. Data on business deals

92. Details of the place where the financial statements including information on business dealings with related parties are available

Information on related parties is disclosed in note 30 of the notes to consolidated financial statements and note 23 of the notes to the individual financial statements of the company.

PART II – CORPORATE GOVERNANCE EVALUATION

1. Identification of the Corporate Governance adopted

This report provides a description of the governance structure adopted by Cofina, as well as the respective policies and practices adopted.

The report complies with the standards of Article 245-A of the Portuguese Securities Code and discloses in accordance with the comply or explain principle, the degree of compliance with the CMVM recommendations incorporated in 2013 CMVM Corporate Governance Code.

The duties of disclosure required by Law 28/2009 of 19 June, Articles 447 and 448 of the Portuguese Companies Act and CMVM Regulation Nr. 5 / 2008, of 2 October 2008 are also fulfilled.

All the legal provisions referred on this report and the recommendations listed in the Corporate Governance Code of 2013, can be found in www.cmvm.pt.

This report should be read as part of the Annual Management Report and as part of the Individual and Consolidated Financial Statements for the fiscal year 2015.

2. Analysis of compliance with the Code of Corporate Governance adopted

Cofina encouraged all actions to promote the adoption of best corporate governance practices, basing its policy on high ethical standards and social responsibility.

The Board of Directors of Cofina encourages transparent relationships with investors and with the market, and has based its performance by the constant search of value creation, to the promotion of the interests of employees, shareholders and other stakeholders.

In compliance with the standards of Article 245-A, no. 1, paragraph o) of the Portuguese Securities Code, the CMVM recommendations incorporated in 2013 CMVM Corporate Governance Code the Company set out to carry out are listed below:

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II. Corporate Governance Report

RECOMMENDATION	COMPLIES	REMISSION
I. VOTING AND CONTROL OF THE COMPANY		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Adopted	12, 13 and 14
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Adopted	13 and 14
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Adopted	12 and 13
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the general assembly (five year intervals), on whether that statutory provision is to be amended or prevails - without superquorum requirements as to the one legally in force - and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	13 and 14
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Adopted	2, 4, 5 and 6
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1 SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Adopted	21 and 28
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company; ii) define business structure of the group; iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Adopted	21 and 28
II.1.3. The General and Audit Committee, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Non applicable	
II.1.4. Except for small-sized companies, the Board of Directors and the General and Audit Committee, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of executive directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	Adopted	21, 27, 28 and 29
II.1.5. The Board of Directors or the General and Audit Committee, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Adopted	52, 54 and 55
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	Adopted	18

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II. Corporate Governance Report

RECOMMENDATION	COMPLIES	REMISSION
<p>II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <p>a. Having been an employee at the company or at a company holding a controlling or group relationship within the last three years;</p> <p>b. Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person;</p> <p>c. Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member;</p> <p>d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;</p> <p>e. Being a qualifying shareholder or representative of a qualifying shareholder.</p>	Non adopted	18
<p>II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.</p>	Adopted	18
<p>II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.</p>	Adopted	23
<p>II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these members can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.</p>	Non adopted	18
<p>II.2. SUPERVISION</p> <p>II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.</p>	Adopted	32 and 33
<p>II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.</p>	Adopted	38
<p>II.2.3. The Audit Committee shall evaluate the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.</p>	Adopted	45
<p>II.2.4. The Audit Committee shall evaluate the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.</p>	Adopted	38
<p>II.2.5. The Audit Committee, the General and Supervisory Board and the Audit Committee decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.</p>	Non applicable	50 and 51
<p>II.3. REMUNERATION SETTING</p> <p>II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.</p>	Adopted	67 and 68
<p>II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.</p>	Adopted	67
<p>II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:</p> <p>a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;</p> <p>b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;</p> <p>c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.</p>	Adopted	69
<p>II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly evaluate said plan.</p>	Non applicable	73 and 74
<p>II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly evaluate said system.</p>	Non applicable	76

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II. Corporate Governance Report

RECOMMENDATION	COMPLIES	REMISSION
III. REMUNERATION		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.	Adopted	70
III.2. The remuneration of non-executive board members and the remuneration of the members of the Audit Committee shall not include any component whose value depends on the performance of the company or of its value.	Adopted	78, 81 and 82
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Adopted	69
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Adopted	69
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	Adopted	71
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	Non applicable	73 e 74
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	Non applicable	74
III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	Adopted	69 and 83
IV. AUDITING		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	Adopted	38
IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the Audit Committee and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the company.	Adopted	47
IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the Audit Committee that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Adopted	40, 42, 43 and 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		
V.1. The company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Adopted	90
V.2. The supervisory or oversight board shall lay down procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20.1 of the Portuguese Securities Code - thus significant relevant business is dependent upon prior opinion of that body.	Non adopted	91
VI. INFORMATION		
VI.1. Companies shall provide, via their websites in both the Portuguese and English languages access to information on their progress as regards the economic, financial and governance state of play.	Adopted	59 to 65
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	Adopted	56 to 58

The recommendations II.1.7., II.1.10. and V.2. are not fully adopted by Cofina, as explained below.

Recommendations II.1.7. and II.1.10.:

The Board Directors does not include any member that satisfies the standard of independence referred in recommendation II.1.7. and II.1.10. of Corporate Governance Code issued by the Portuguese Securities Regulator (CMVM) since the three non-executive directors are holders of qualifying holdings, of the Company.

Nevertheless, to allow to the non-executive directors an independent and informed decision, the Company has the following mechanisms:

- Notices of meetings of the Board of Directors sent to all directors include the agenda, even tentatively, of the meeting, and are accompanied by all the relevant information and documentation;
- Availability of executive directors for the provision to non-executive directors, of any additional information which they consider relevant or necessary, and to carry out further studies and analyzes in relation to all matters which are the subject of deliberation or that, are under review in some way, in the Company;
- Availability of minutes books, records, documents and other records of operation of the

Company or the subsidiaries, for examination, as well as the provision and promotion of a direct channel of obtaining information from the managers and operational and financial officers of several companies that are part of the Group, without requiring any intervention of the executive directors in this process.

Given the corporate model adopted and the composition and mode of operation of its governing boards, including the independence of the supervisory board, without, delegation of powers among them, the Group considers that the designation of independent directors to the Board would not yield significant improvements for the proper functioning of the corporate governance model, which has revealed itself proper and efficient.

The Director's report includes in its chapter "Activity developed by the non-executive members of the Board," a description of the activity of the non-executive directors during 2015.

Recommendation V.2.:

Transactions with Cofina's directors or with companies that are in a group or dominance relationship with them, regardless of the amount, are subject to prior approval of the Board of Directors, with a favourable opinion of the Supervisory Board, under the terms of article 397 of the Portuguese Companies Act.

Currently, no established procedures or criteria are in place for defining the relevant level of significance of businesses between the company and holders of qualified holdings or entities that are in a group or dominance relationship, from which the intervention from the Statutory Board is required.

However, given the above mentioned legal requirement, and especially considering the constant legal requirement of the same matter, to disclose in the annual report of the board, the occurrence of these situations, to which Cofina would always give full compliance, all legal requirements, as well as all the information disclosure obligations to shareholders and to the market on a complete and transparent basis are safeguarded.

3. Other information

In line with what has been said, Cofina would like to point out that, of the forty recommendations contained in the Corporate Governance Code of 2013, six of them are not applicable for the reasons set out above, and the failure to fully adopt only three of the recommendations is largely explained above.

Cofina therefore considers that, given the full compliance of thirty one of these recommendations, the degree of adoption of the Company to the 2013 Corporate Governance Code's recommendations is practically total, which is materialized in a diligent and prudent management, absolutely focused on creating value for the Company and hence for shareholders.

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 31 December 2015 Cofina had no own shares and did not acquire or sell any own shares during the year.

Shares held by the governing bodies of Cofina

Pursuant to the requirements of article 447 of the Commercial Companies' Code, the Directors inform that, as of 31 December 2015, they held the following shares:

Paulo Jorge dos Santos Fernandes (a)	13,386,332
João Manuel Matos Borges de Oliveira (b)	15,400,000
Domingos José Vieira de Matos (c)	12,395,257
Pedro Miguel Matos Borges de Oliveira	7,719,360
Ana Rebelo de Carvalho Menéres de Mendonça (d)	20,488,760

(a) – The 13,386,332 shares correspond to the total COFINA –SGPS, S.A.'s shares held by ACTIUM CAPITAL – SGPS, S.A., of which the director Paulo Jorge dos Santos Fernandes is dominant shareholder and director.

(b) – The 15,400,000 shares correspond to the total COFINA – SGPS, S.A.'s shares held by INDIAZ S.A., of which the director João Manuel Matos Borges de Oliveira is also director.

(c) – The 12,395,257 shares correspond to the total of COFINA – SGPS, S.A.'s shares held by LIVREFLUXO – SGPS, S.A. of which the director Domingos José Vieira de Matos is dominant shareholder and director.

(d) – The 20,488,760 shares correspond to the total of COFINA – SGPS, S.A.'s shares held by PROMENDO – SGPS, S.A., of which the director Ana Rebelo de Carvalho Menéres de Mendonça is dominant shareholder and director.

As of 31 December 2015, the Statutory Auditor, the members of the Supervisory Board and the members of the Board of the General Shareholders' Meeting held no shares of the Company.

Qualifying holdings

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

Santander Asset Management		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through Santander Ações Portugal Fund		2,069,459	2.02%
Through Santander PPA Fund		107,964	0.11%
Total attributable		2,177,423	2.12%
GNB - International Management, S.A.		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through NB Portugal Equity Fund		2,096,227	2.04%
Through NB Iberian Equity Fund		101,187	0.10%
Total attributable		2,197,414	2.14%
Credit Suisse Group AG		No of shares held as of 31-Dez-2015	% share capital with voting rights
Directly		5,039,060	4.91%
Total attributable		5,039,060	4.91%
Pedro Miguel Matos Borges de Oliveira		No of shares held as of 31-Dez-2015	% share capital with voting rights
Directly		7,719,360	7.53%
Total attributable		7,719,360	7.53%
Domingos José Vieira de Matos		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through Livrefluxo - SGPS, S.A. (of which is dominant sharehold and director)		12,395,257	12.09%
Total attributable		12,395,257	12.09%
Paulo Jorge dos Santos Fernandes		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through Actium Capital - SGPS, S.A. (of which is dominant sharehold and director)		13,386,332	13.05%
Total attributable		13,386,332	13.05%
João Manuel Matos Borges de Oliveira		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through INDAZ, S.A. (of which is director)		15,400,000	15.01%
Total attributable		15,400,000	15.01%
Ana Rebelo Carvalho Menêres de Mendonça		No of shares held as of 31-Dez-2015	% share capital with voting rights
Through PROMENDO - SGPS, S.A. (of which is dominant sharehold and director)		20,488,760	19.98%
Total attributable		20,488,760	19.98%

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

CLOSING REMARKS

We don't want to conclude without thanking our suppliers, financial institutions and other partners of the group for their trust in our organization. We would also like to thank the External Auditor for the assistance provided during 2015 and to the Supervisory Board for the continued monitoring of our operations.

Oporto, 24 March 2016

The Board of Directors

Paulo Jorge dos Santos Fernandes – President

João Manuel Matos Borges de Oliveira

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

APPENDIXES TO THE MANAGEMENT REPORT

December 31, 2015



STATEMENT UNDER THE TERMS OF ARTICLE 245, PARAGRAPH 1, C) OF THE SECURITIES MARKET CODE

The signatories individually declare that, to the best of their knowledge, the Board of Director's Report, the Individual and Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union, and other accounting documents required by law or regulation, giving a truthful and appropriate image of assets and liabilities, financial position and the consolidated and individual results of Cofina, SGPS, S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties faced.

STATEMENT OF RESPONSIBILITY

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

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.

APPENDIX I

1. Board of Directors

Qualifications, experience and positions held in other companies by members of the Board of Directors:

Paulo Jorge dos Santos Fernandes

He was one of the founders of Cofina, and has been directly involved in the Group's management since its incorporation. He is graduated from Oporto University with a degree in Electronic Engineering, and has also an MBA at the University of Lisbon.

He is shareholder of the Company since 1990, having also been appointed as Director at the same date.

In addition to the Companies where he currently exercises management functions his professional experience includes:

1982/1984	Assistant Director of Production at CORTAL
1986/1989	General Director at CORTAL
1989/1994	President of the Board of Directors at CORTAL
1995	Director at CRISAL – CRISTAIS DE ALCobaÇA, S.A.
1997	Director at Group Vista Alegre, S.A.
1997	Chairman of the Board of Directors at ATLANTIS - Cristais de Alcobaça, S.A.
2000/2001	Director at SIC
2001/2005	Director at V.A.A.

Throughout his career, he also played roles in several associations:

1989/1994	President of FEMB (Fédération Européene de Mobilier de Bureau) for Portugal
1989/1990	President of General Assembly at Assoc. Industr. Águeda
1991/1993	Member of Advisory Board at Assoc. Ind. Portuense
Since 2005	Member of Superior Board at the MBA Former Student's Association
2013/2016	President of the Supervisory Board of BCSD
Since 2006	Member of Advisory Board at Engineering and Management of IST

The other companies where he carries out management functions as of 31 December 2015, are as follows:

- Actium Capital, SGPS, S.A. (a)
- Alteria, S.G.P.S., S.A. (a)
- Altri Abastecimento de Madeira, S.A. (a)
- Altri Participaciones Y Trading, S.L. (a)

- Altri, SGPS, S.A. (a)
- Base Holding, SGPS, S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Caima Energia – Emp. Gestão e Exploração de Energia, S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Celtejo – Empresa de Celulose do Tejo, S.A. (a)
- Cofihold - SGPS, S.A. (a)
- Cofina Media, S.A.
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Jardins de França – Empreendimentos Imobiliários, S.A. (a)
- Malva – Gestão Imobiliária, S.A. (a)
- Préstimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Torres da Luz – Investimentos Imobiliários, S.A. (a)

– Companies that, as of 31 December 2015 cannot be considered to be part of Cofina, S.G.P.S., S.A. Group

João Manuel Matos Borges de Oliveira

Being also one of the founders of Cofina, he has been involved in the Group's management since its incorporation. Graduated from the Porto University with a degree in Chemical Engineering, holds an MBA at INSEAD. He develops his activity in the media and industrial operations, as well as in the strategic definition of the Group. Is a shareholder of the Company since 1990 and has also been appointed Director as from the same date.

In addition to the Companies where he currently exercises functions of administration, his professional experience includes:

1982/1983	Assistant Director of Production at Cortal
1984/1985	Production Director at Cortal
1987/1989	Marketing Director at Cortal
1989/1994	General Director at Cortal
1989/1995	Vice President of the Board at Cortal
1989/1994	Director at Seldex
1996/2000	Non-executive Director at Atlantis, S.A.
1997/2000	Non-executive Director at Vista Alegre, S.A.
1998/1999	Director at Efacec Capital, SGPS, S.A.
2008/2011	Non-executive director of ZON Multimédia, SGPS, S.A.
2011/2013	Member of ISCTE-IUL CFO Advisory Form
2008/2015	President of the Supervisory Board of Porto Business School

The other companies where he carries out management functions as of 31 December 2015 are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri Abastecimento de Madeira, S.A. (a)
- Altri Participaciones Y Trading, S.L. (a)
- Altri, S.G.P.S., S.A. (a)
- Base Holding, SGPS, S.A. (a)
- Caderno Azul, S.G.P.S., S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Caima Energia – Emp. Gestão e Exploração de Energia, S.A. (a)
- Captaraiz – Unipessoal, Lda. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Celtejo – Empresa de Celulose do Tejo, S.A. (a)
- Cofina Media, S.A.
- Cofihold SGPS, S.A. (a)

- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Indaz S.A. (a)
- Jardins de França – Empreendimentos Imobiliários, S.A. (a)
- Malva – Gestão Imobiliária, S.A.
- Prestimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Torres da Luz – Investimentos imobiliários, S.A. (a)
- Universal Afir – Aços Especiais e Ferramentas, S.A. (a)

(a) – Companies that, as of 31 December 2015 cannot be considered to be part of Cofina, S.G.P.S., S.A. Group.

Domingos José Vieira de Matos

He was one of the founders of Cofina, and has been directly involved in the Group's management since its incorporation. He holds a degree in Economics from the Faculty of Economy of the University of Oporto. He initiated his career in management in 1978. He is shareholder of the Company since 1990 and has been Director since that date.

In addition to the Companies where he currently exercises his duties as Director, his professional experience includes:

1978/1994	Director at CORTAL, S.A.
1983	Founding Partner of PROMEDE – Produtos Médicos, S.A.
1998/2000	Director at ELECTRO CERÂMICA, S.A.

The other companies where he carries out management functions as of 31 December 2015 are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri Florestal, S.A. (a)
- Altri, SGPS, S.A. (a)
- Base Holding, SGPS, S.A. (a)
- Caima – Indústria de Celulose, S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Cofihold SGPS, S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- Jardins de França – Empreendimentos Imobiliários, S.A. (a)
- Livrefluxo, S.G.P.S., S.A. (a)
- Malva – Gestão Imobiliária, S.A. (a)
- Prestimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Torres da Luz – Investimentos imobiliários, S.A. (a)
- Universal Afir – S.A. (a)

(a) – Companies that, as of 31 December 2015 cannot be considered to be part of Cofina, S.G.P.S., S.A. Group.

Pedro Miguel Matos Borges de Oliveira

He holds a degree in Financial Management by Instituto Superior de Administração e Gestão do Porto. In 2000 he concluded the Executive MBA at Instituto Empresarial Portuense in partnership with ESADE – Business School of Barcelona, currently Católica Porto Business School. In 2009, he attended the Course of Business Valuation at EGE – Escola de Gestão Empresarial. He is director of the Company since May 2009.

Besides other companies where he currently exercises duties of Director, his professional experience includes:

1986/2000	Management advisor of FERÁGUEDA, Lda.
1992	Director of Bemel, Lda.
1997/1999	Assistant manager of GALAN, Lda.
1999/2000	Assessor of the direction of the saws and tools department of F.Ramada, Aços e Indústrias, S.A.
2000	Director of the Department of Saws and Tools of F. Ramada, Aços e Indústrias, S.A.
2006	Director of Universal Afir, Aços Especiais e Ferramentas, S.A.
2009	Director of F. Ramada Investimentos, S.G.P.S., S.A.

The other companies where he carries out management functions as of 31 December 2015 are as follows:

- Alteria, S.G.P.S., S.A. (a)
- Altri Florestal, S.A. (a)
- Altri, SGPS, S.A. (a)
- Celulose Beira Industrial (Celbi), S.A. (a)
- Cofihold SGPS, S.A. (a)
- Elege Valor, S.G.P.S., S.A. (a)
- F. Ramada Investimentos, S.G.P.S., S.A. (a)
- F. Ramada II Imobiliária, S.A. (a)
- F. Ramada – Serviços de Gestão, Lda. (a)
- Jardins de França – Empreendimentos Imobiliários, S.A. (a)
- Malva – Gestão Imobiliária, S.A. (a)
- Prestimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A. (a)
- Torres da Luz – Investimentos imobiliários, S.A. (a)
- Universal Afir – Aços, Máquinas e Ferramentas, S.A. (a)
- Valor Autêntico, S.G.P.S., S.A. (a)
- 1 Thing, Investments, S.G.P.S., S.A.

(a) – Companies that, as of 31 December 2015 cannot be considered to be part of Cofina, S.G.P.S., S.A. Group.

Ana Rebelo de Carvalho Menéres de Mendonça

This director has a Degree in Economics by Universidade Católica Portuguesa in Lisbon, having been appointed as Director of the Company since May 2009.

Besides other companies where she currently exercises duties of Director, her professional experience includes:

1995	Journalist in the economic segment of the newspaper Semanário Económico
1996	Commercial department of Citibank
1996	Director at Promendo, S.A.
2009	Director at PROMENDO, SGPS, S.A.

The other companies where she carries out management functions as of 31 December 2015 are as follows:

- Altri, SGPS, S.A. (a)
- F. Ramada Investimentos, SGPS, S.A. (a)
- Jardins de França – Empreendimentos Imobiliários, S.A. (a)
- Promendo, SGPS, S.A. (a)
- Prestimo – Prestígio Imobiliário, S.A. (a)
- Ramada Aços, S.A. (a)
- Ramada Storax, S.A. (a)

(a) – Companies that, as of 31 December 2015 cannot be considered to be part of Cofina, S.G.P.S., S.A. Group.

2. Supervisory Board

Qualifications, experience and positions held in other companies by members of the Supervisory Board:

Pedro Nuno Fernandes de Sá Pessanha Da Costa

Qualifications:

Degree in Law from the Faculty of Law of the University of Coimbra in 1981

Complimentary training in Company Management and Economic and Financial Analysis at the School of Law of the Portuguese Catholic University, Porto, 1982 and 1983.

Professional Experience:

Member of the Lawyers Association ("Ordem dos advogados) since 1983

President of the General and Supervisory Board of a public company from 1996 to 2010,

President of the General Shareholders Meeting of several listed and non-listed companies

Co-author of the chapter on Portugal in "Handbuch der Europäischen Aktien-Gesellschaft" – Societas Europaea – by Jannot / Frodermann, published by C.F. Müller Verlag

Continuous law practice since 1983, with a special focus on commercial law and corporate law, mergers and acquisitions, foreign investment and international contracts

Honorary Consul of Belgium in Porto

Other positions held:

President of the Supervisory Board of Altri, SGPS, SA (a)

President of the Supervisory Board of F. Ramada Investimentos, SGPS, S.A. (a)

Member of the Altri, SGPS, S.A. Remuneration Committee (a)

Member of the F. Ramada Investimentos, SGPS, S.A. Remuneration Committee (a)

President of the General Shareholder's Meeting of Unicer Bebidas (a)

President of General Shareholder's Meeting of Sogrape Vinhos, S.A. (a)

President of Remunerations Comittee of Sogrape Vinhos, S.A. (a)

(a) – Companies that, as of 31 December 2015 cannot be considered to be part of Cofina, S.G.P.S., S.A. Group.

André Seabra Ferreira Pinto

Qualifications:

Degree in Economics at University Portucalense

Chartered Accountant (ROC no. 1,243)

Executive MBA - Management School of Porto - University of Porto Business School

Professional Experience:

Between September 1999 and May 2008, worked in the Audit Department of Deloitte & Associados, SROC, SA (initially as a member of staff and since September 2004 as Manager).

Between June 2008 and December 2010, Senior Manager of Corporate Finance department - Transaction Services at Deloitte Consulting.

Between January 2011 and March 2013, CFO of companies WireCoWorldGroup Group in Portugal (a)

Since April 2013, Director (CFO) of Mecwide Group (a)

Director of MWIDE, SGPS, S.A., as well as of the remaining companies of Mecwide Group (a)

Manager of the companies Together We Change Investments, Lda. (a) and Virtusai, Lda. (a)

Other positions held:

Member of the Supervisory Board of Altri, SGPS, S.A. (a)

Member of the Supervisory Board of F. Ramada Investimentos, SGPS, S.A. (a)

– companies that, as of 31 December 2015, cannot be considered as part of the Cofina, SGPS, SA group.

José Guilherme Barros Silva

Qualifications:

1990-1995 Degree in Business Administration and Management, Portuguese Catholic University

Professional Experience:

1995-1997 IC, Arthur Andersen, SC

1997-2010 Vice President of the Board of Directors, Detipin -Comércio de Vestuário, SA.(a)

2004- Member of the Board of Directors, SEF - Serviços de Saúde e Fisioterapia, SA. (a)

2005-2010 Member of the Board of Directors, Globaljeans - Comércio de Vestuário, SA (a)

2005- Vice-President of the Board of Directors, SEF - Serviços de Saúde e Fisioterapia, SA. (a)

2005-2009 Vice President of the Board of Directors, AH Business, SGPS, SA (a)

2006- Member of the Board of Directors, Fisiofafe, SA. (a)

2009- Member of the Board of Directors, Clínica de S. Cosme de Gondomar II, Fisioterapia, SA. (a)

2011- President of the Board of Directors, GNG – Comércio de Vestuário, SA. (a)

Other positions held:

Member of the Supervisory Board of Altri, SGPS, S.A. (a)

Member of the Supervisory Board of F. Ramada Investimentos, SGPS, S.A. (a)

– companies that, as of 31 December 2015, cannot be considered as part of the Cofina, SGPS, SA group.

Article 447 of the Commercial Companies Code and Article 14, paragraph 7, of Portuguese Securities Regulator (CMVM) Regulation no. 5/2008

Disclosure of shares and other securities held by members of the Board of Directors and by those discharging managerial responsibilities, as well as by people closely connected with them (article 248 B of the Securities Code), and disclosure of the respective transactions during the year involving such shares and other securities.

Members of the Board of Directors	Shares held at 31-Dec-			Shares held at 31-Dec-
	2014	Aquisitions	Disposals	2015
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL - SGPS, S.A)	13,386,332	-	-	13,386,332
João Manuel Matos Borges de Oliveira (imputation through INDAG, S.A)	15,400,000	-	-	15,400,000
Domingos José Vieira de Matos (imputation through LIVREFLUXO - SGPS, S.A)	12,395,257	-	-	12,395,257
Pedro Miguel Matos Borges de Oliveira	7,719,360	-	-	7,719,360
Ana Rebelo Mendonça (imputation through PROMENDO - SGPS, S.A)	20,488,760	-	-	20,488,760

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015



COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2015 AND 2014

(Translation of financial statements originally issued in Portuguese - Note 37)

(Amounts expressed in Euro)

ASSETS	Notes	31.12.2015	31.12.2014
NON CURRENT ASSETS:			
Tangible fixed assets	7	4,466,425	5,883,466
Goodwill	6	88,789,577	89,316,685
Intangible assets	8	191,706	489,077
Investments in associated companies	4	3,141,284	3,860,407
Investments available for sale	4	9,080	29,498
Investments measured at fair value through profit and loss	9	16,933	5,482
Other non current debtors	9 and 14	350,000	350,000
Other non current assets	9 and 15	1,592,676	-
Deferred tax assets	10	1,573,715	2,578,268
Total non current assets		100,131,396	102,512,883
CURRENT ASSETS:			
Inventories	11	1,991,290	1,872,891
Customers	9 and 12	9,712,319	9,088,161
State and other public entities	9 and 13	905,275	945,464
Other current debtors	9 and 14	392,502	312,548
Other current assets	9 and 15	7,920,681	7,115,217
Cash and cash equivalents	9 and 16	8,193,580	12,658,992
Total current assets		29,115,647	31,993,273
TOTAL ASSETS		129,247,043	134,506,156
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS:			
Share capital	17	25,641,459	25,641,459
Share premium	17	15,874,835	15,874,835
Legal reserve	17	5,409,144	5,409,144
Conversion reserves		(1,234,642)	(550,415)
Other reserves		(28,186,288)	(32,363,232)
Consolidated net profit for the year attributable to equity holder of the parent company		5,061,226	6,173,887
Equity attributable to equity holder of the parent company		22,565,734	20,185,678
Non-controlling interests		-	90,981
TOTAL EQUITY		22,565,734	20,276,659
LIABILITIES:			
NON CURRENT LIABILITIES:			
Other long-term loans	9 and 18	49,521,018	49,274,676
Other non current creditors	9, 20 and 24	15,090	45,080
Provisions	21	12,485,094	10,320,480
Total non current liabilities		62,021,202	59,640,236
CURRENT LIABILITIES:			
Bank loans	9, 16 and 18	-	4,732,462
Other short-term loans	9 and 18	17,989,994	23,496,752
Suppliers	9 and 23	12,467,270	9,158,181
State and other public entities	9 and 13	3,292,142	3,065,338
Other current creditors	9, 20 and 24	2,490,579	5,346,958
Other current liabilities	9 and 25	8,420,122	8,789,570
Total current liabilities		44,660,107	54,589,261
TOTAL LIABILITIES		106,681,309	114,229,497
TOTAL EQUITY AND LIABILITIES		129,247,043	134,506,156

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

The Chartered Accountant

The Board of Directors

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURES
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Translation of financial statements originally issued in Portuguese - Note 37)

(Amounts expressed in Euro)

	<u>Notes</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Sales	26 and 30	52,848,231	54,421,864
Services rendered	26 and 30	33,802,815	36,709,582
Other income	26 and 30	14,024,615	14,946,028
Cost of sales	11	(12,757,681)	(14,762,440)
Supplies and Services	27	(41,162,891)	(41,147,108)
Personnel Costs	28	(31,493,522)	(31,646,404)
Amortisation and depreciation	7 and 8	(2,892,150)	(2,926,813)
Provisions and impairment losses	21	57,094	(1,964,402)
Other expenses		(278,905)	(313,924)
Financial expenses	29	(4,224,660)	(4,443,297)
Financial income	29	454,243	1,019,254
Profit before income tax		8,377,189	9,892,340
Income tax	10	(3,315,963)	(3,643,963)
Net profit for the year		5,061,226	6,248,377
Attributable to:			
Shareholders' of the Parent Company	32	5,061,226	6,173,887
Non-controlling interests		-	74,490
Earnings per share:			
Basic	32	0.05	0.06
Diluted	32	0.05	0.06

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

The Chartered Accountant

The Board of Directors

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

	Notes	31.12.2015	31.12.2014
Net consolidated profit for the year		5,061,226	6,248,377
Other comprehensive income:			
Items that will be reclassified to net income:			
Exchange differences on translation of foreign operations		(684,227)	12,914
Variation in fair value of cash flow hedge derivative instruments	10 and 22	-	277,111
Total comprehensive income for the year		<u>4,376,999</u>	<u>6,538,402</u>
Attributable to:			
Shareholders' of the Parent Company		4,376,999	6,463,912
Non-controlling interests		<u>-</u>	<u>74,490</u>

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

The Chartered Accountant

The Board of Directors

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

Notes	Attributable to equity holders of the Parent Company							Non-controlling interests	Total Equity
	Share capital	Share premium	Legal reserve	Conversion reserves	Other reserves	Net profit/loss	Total		
Balance as of 1 January 2014	25,641,459	15,874,835	5,409,144	(563,329)	(33,772,310)	4,681,002	17,270,801	767,940	18,038,741
Appropriation of consolidated net profit for 2013:									
Transfer to legal reserve and retained earnings	-	-	-	-	3,655,344	(3,655,344)	-	-	-
Dividend distribution	-	-	-	-	-	(1,025,658)	(1,025,658)	(36,750)	(1,062,408)
Change in reserves and non-controlling interests:									
Acquisitions and business combinations	-	-	-	-	(2,475,929)	-	(2,475,929)	(753,652)	(3,229,581)
Other changes	-	-	-	-	(47,448)	-	(47,448)	38,953	(8,495)
Total comprehensive income for the year	-	-	-	12,914	277,111	6,173,887	6,463,912	74,490	6,538,402
Balance as of 31 December 2014	<u>25,641,459</u>	<u>15,874,835</u>	<u>5,409,144</u>	<u>(550,415)</u>	<u>(32,363,232)</u>	<u>6,173,887</u>	<u>20,185,678</u>	<u>90,981</u>	<u>20,276,659</u>
Balance as of 1 January 2015	25,641,459	15,874,835	5,409,144	(550,415)	(32,363,232)	6,173,887	20,185,678	90,981	20,276,659
Appropriation of consolidated net profit for 2014:									
Transfer to legal reserve and retained earnings	-	-	-	-	4,122,570	(4,122,570)	-	-	-
Dividend distribution	-	-	-	-	-	(2,051,317)	(2,051,317)	-	(2,051,317)
Change in reserves and non-controlling interests:									
Other changes	-	-	-	-	54,374	-	54,374	(90,981)	(36,607)
Total comprehensive income for the year	-	-	-	(684,227)	-	5,061,226	4,376,999	-	4,376,999
Balance as of 31 December 2015	<u>25,641,459</u>	<u>15,874,835</u>	<u>5,409,144</u>	<u>(1,234,642)</u>	<u>(28,186,288)</u>	<u>5,061,226</u>	<u>22,565,734</u>	<u>-</u>	<u>22,565,734</u>

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

The Chartered Accountant

The Board of Directors

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Translation of financial statements originally issued in Portuguese - Note 37)
(Amounts expressed in Euro)

	Notes	2015		2014	
Operating activities:					
Collections from customers		104,052,860		110,203,926	
Payments to suppliers		(52,249,092)		(61,311,145)	
Payments to personnel		(32,091,439)		(32,438,879)	
Other collections/payments relating to operating activities		(778,763)		(1,012,658)	
Corporate Income Tax		(1,580,830)	17,352,736	1,035,730	16,476,975
<i>Cash flow from operating activities (1)</i>			<u>17,352,736</u>		<u>16,476,975</u>
Investment activities:					
Collections relating to:					
Financial investments	16	765,900		-	
Interest and similar income		11,381		206,589	
Dividends	16	<u>234,100</u>	1,011,381	<u>420,000</u>	626,589
Payments relating to:					
Financial investments	16	(1,575,000)		(1,675,000)	
Intangible assets		(240,693)		(502,077)	
Tangible fixed assets		<u>(1,064,218)</u>	<u>(2,879,911)</u>	<u>(1,344,205)</u>	<u>(3,521,282)</u>
<i>Cash flow from investment activities (2)</i>			<u>(1,868,530)</u>		<u>(2,894,693)</u>
Financing activities:					
Collections relating to:					
Loans obtained		<u>5,022,399</u>	5,022,399	<u>7,000,000</u>	7,000,000
Payments relating to:					
Lease contracts amortization		(29,405)		(491,903)	
Interest and similar costs		(2,935,130)		(4,234,346)	
Dividends	33	(2,051,317)		(1,025,658)	
Loans obtained		<u>(15,223,703)</u>	<u>(20,239,555)</u>	<u>(14,350,000)</u>	<u>(20,101,907)</u>
<i>Cash flow from financing activities (3)</i>			<u>(15,217,156)</u>		<u>(13,101,907)</u>
Cash and cash equivalents at the beginning of the year	16		7,926,530		7,446,155
Cash and cash equivalents variation: (1)+(2)+(3)			<u>267,050</u>		<u>480,375</u>
Cash and cash equivalents at the end of the year	16		<u><u>8,193,580</u></u>		<u><u>7,926,530</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 company, with its headoffice located at Rua General Norton de Matos, 68, r/c in Porto and its shares listed in the Euronext Lisbon Stock Exchange. Cofina is the Parent company of a group of companies detailed in Note 4, commonly designated as Cofina Group, and its main activity is the management of investments in the Media sector (written press).

Cofina Group owns headings of reference in the respective segments, editing titles like newspapers "Correio da Manhã", "Record", "Jornal de Negócios", "Destak" and "Metro", as well as the magazines "Sábado", "TV Guia" and "Flash!", among others. Additionally, since 2013, Cofina Group has incorporated in its portfolio the broadcasting of the television channel "CMTV".

During the financial years ended as of 31 December of 2015 and 2014, Cofina Group developed its activity mainly in Portugal, having also some interests in Brazil, through the investments in the associated company Destak Brasil and in the subsidiary Adcom Media (Note 4).

Cofina's 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 such, considered its functional currency. The operations of the foreign group companies whose functional currency is not the Euro are included in the consolidated financial statements in accordance with the policy established in Note 2.2.d).

2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

The basis of presentation and main accounting policies adopted in the preparation of the consolidated financial statements are as follows:

2.1 BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared on a going concern basis from the books and accounting records of the companies included in the consolidation, maintained in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union for financial years started as from 1 January 2015. These standards include the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), the International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and by the Standards Interpretations Committee ("SIC"), as adopted by the European Union. The standards and interpretations mentioned above will generally be presented as "IAS/IFRS".

The Interim financial statements were presented quarterly, in accordance with IAS 34 – "Interim Financial Report".

1 - Standards, interpretations, amendments and revisions which have mandatory application in the financial year ended as of 31 December 2015:

The following standards, interpretations, amendments and revisions were endorsed by the European Union and have mandatory application for the first time in the financial year ended as of 31 December 2015:

Standard / Interpretation	Effective date (annual periods beginning on or after)	
IFRIC 21 – Levies	17-jun-14	This amendment establishes the conditions regarding the timing of recognition of a liability relating to payment by an entity to the State as a result of a specific event (for example, participation in a specific market), without the payment having specific goods or services received in exchange.
Amendment to IFRS 3 – Concentration of business activities (included in improvements to international financial statement standards – 2011-2013 cycle)	1-jan-15	Clarifies that IFRS 3 excludes from its scope of application the formation of a joint agreement on the financial statements of the joint agreement itself.
Amendment to IFRS 13 – Measurement at fair value (included in improvements to international financial statement standards – 2011-2013 cycle)	1-jan-15	Clarifies that the exception of the application of the standard to financial assets and liabilities with offsetting positions extends to all contracts under IAS 39, independently of their compliance with the definition of financial asset or liability of IAS 32.
Amendment to IAS 40 – Investment properties (included in improvements to international financial statement standards – 2011-2013 cycle)	1-jan-15	Clarifies that it is necessary to apply value judgement to determine if the acquisition of an investment property is the acquisition of an asset or the concentration of business activities covered by IFRS 3.

The effect of adopting the above standards, interpretations and amendments on the Group's consolidated financial statements for the year ended 31 December 2015 was not significant.

2 - Standards, interpretations, amendments and revisions with mandatory application in future years

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

Standard	Applicable in the European Union in the years starting on or after	
Amendment to IAS 19 – Employee benefits – Employee contribution	1-feb-15	Clarifies under which circumstances employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits.
Improvements to international financial statement standards (2010-2012 cycle)	1-feb-15	These improvements involve the clarification of some aspects relating to: IFRS 2 – Share based payments: definition of the vesting condition; IFRS 3 – Concentration of business activities: recording of contingent payments; IFRS 8 – Operating segments:

		disclosures relating to the aggregation of segments and clarification of the need to reconcile total assets by segment with the amount of the assets in the financial statements; IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets: need to proportionately revalue accumulated amortization in the case of the revaluation of fixed assets; and IAS 24 – Disclosure of related parties: defines that an entity that renders management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value: clarification relating to the measurement of short term receivables or payables.
Improvements to international financial statement standards (2012-2014 cycle)	1-jan-16	These improvements involve the clarification of some aspects relating to: IFRS 5 – Non-current assets held for sale and discontinued operating units: introduces guidelines on how to proceed in the case of changes as to the expected realization method (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impact of asset monitoring contracts under the disclosures relating to continued involvement of derecognized investments, and exempts the interim financial statements from the disclosures required relating to the compensation of financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to be used to discount defined benefits must be determined by reference to high quality bonds of companies issued in the currency that the benefits will be paid; and IAS 34 – Interim financial statements: clarification on the procedures to be used when the information is available in other documents issued together with the interim financial statements.
Amendment to IFRS 11 – Joint Agreements – Recording of acquisitions of interests in joint agreements	1-jan-16	This amendment relates to the acquisition of interests in joint operations. It establishes the requirement to apply IFRS 3 when the joint operation acquired consists of a business activity in accordance with IFRS 3. When the joint operation in question does not consist of a business activity, the transaction must be recorded as the acquisition of assets. This amendment is of prospective application to new acquisitions of interests.
Amendment to IAS 1 – Presentation of Financial Statements - “Disclosure initiative”	1-jan-16	This amendment clarifies some aspects relating to disclosure initiatives, namely: (i) the entity must not make it difficult to understand the financial statements by the aggregation of significant items with insignificant items or the aggregation of significant items of different natures; (ii) the disclosures specifically required by the IFRS need only to be provided if the information in question is significant; (iii) the lines in the financial statements specified by IAS 1 can be aggregated or segregated in accordance with what is significant in relation to the objectives of the financial statement; (iv) the part of other recognized income resulting from the application of the equity method in associates and joint agreements must be presented separately from the remaining elements of other recognized income, also segregating the items that can be reclassified to the statement of profit and loss from those that will not be reclassified; (v) the structure of the notes must be flexible, and should follow the following

order:

- a declaration of compliance with the IFRS's in the first section of the notes;
- a description of the significant accounting policies in the second section;
- supporting information for the items on the financial statements in the third section; and
- other information in the fourth section.

Amendment to IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets – Acceptable depreciation and amortization methods	1-jan-16	This amendment establishes the presumption (that can be refuted) that income is not an appropriate basis for amortizing an intangible asset and forbids the use of income as a basis for depreciating tangible fixed assets. The presumption established for amortizing intangible assets can only be refuted when the intangible asset is expressed based on the income generated or when utilization of the financial benefits is significantly related to the income generated.
Amendment to IAS 16 – Tangible fixed assets and IAS 41 – Agriculture – Production plants	1-jan-16	This amendment excludes plants that produce fruits or other components used for harvesting and/or removal under the application of IAS 41, becoming covered by IAS 16.
Amendment to IAS 27 – Application of the equity method on separate financial statements	1-jan-16	This amendment introduces the possibility of measuring interests in subsidiaries, joint agreements and associates in separate financial statements in accordance with the equity method, in addition to the measurements methods presently existing. This change applies retrospectively.

3. Standards, interpretations, amendments and revisions not endorsed by the European Union

In addition, the following standards, amendments and revisions applicable to future years have not been endorsed by the European Union up to the date of approval of these financial statements:

<u>Standard / Interpretation</u>	
IFRS 9 – Financial Instruments (2009) and subsequent amendments	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules. This standard is of mandatory application for years beginning on or after 1 January 2018;
IFRS 14 – Regulated assets	This standard establishes the financial statement requirements of entities that adopt for the first time IFRS standards applicable to regulated assets;
IFRS 15 – Revenue from Client Contracts	This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts entered into with clients, replacing IAS 18 – Revenue, IAS 11 – Construction contracts; IFRIC 13 – Customer Loyalty Programmes; IFRIC 15 – Agreements for the Construction of Real Estate; IFRIC 18 – Transfer of assets from customers and SIC 31 – Revenue – Barter Transactions involving Advertising Services. This standard is of mandatory application for years beginning on or after 1 January 2018;

IFRS 16 – Leases

This standard introduces the principles for the recognition and measurement of leases, replacing IAS 17 – Leases. The standard defines a single model for recording lease contracts, which results in the recognition by the lessor of assets and liabilities for all lease contracts, except for those for periods of less than twelve months or for leases of assets of reduced value. Lessors will continue to classify leases between operating and finance leases, IFRS 16 will not produce substantial changes for such entities in relation to IAS 17.

Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosures of interests in Other Entities and IAS 28 – Investments in Associates and Joint Ventures

These amendments clarify several aspects relating to the application of the consolidation exception by investment entities.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures

These amendments eliminate the conflict existing between these standards, relating to the sale or the contribution of assets between the investor and the associate or between the investor and the jointly controlled entity.

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 2015.

The accounting policies and measurement criteria adopted by the Group as of 31 December 2015 are consistent with those used in the preparation of the consolidated financial statements as of 31 December 2014.

In the preparation of the consolidated financial statements, in accordance with the IAS/IFRS, the Board of Directors adopted certain assumptions and estimates that affect the reported assets and liabilities, as well as the income and expenses in relation to the reported periods. All the estimates and assumptions made by the Board of Directors were made on the basis of its better existing knowledge, with reference to the date of approval of the financial statements, of the events and transactions in progress.

The accompanying consolidated financial statements have been prepared for appreciation and approval by the General Shareholders Meeting. The Group's Board of Directors believes that they will be approved without changes.

2.2 - CONSOLIDATION POLICIES

The consolidation policies adopted by the Group in the preparation of the consolidated financial statements are as follows:

a) Investments in group companies

Investments in companies in which the Group owns, directly or indirectly, more than 50% of the voting rights at the Shareholders' General Meeting and is able to control the financial and operating policies so as to benefit from its activities (definition of control normally used by the Group), are included in the consolidated financial statements by the full consolidation method. Equity and net profit attributable to minority shareholders are shown separately, under the caption "Non-controlling interests", in the consolidated balance sheet and in the consolidated statement of profit and loss. Companies included in the consolidated financial statements by the full consolidation method are listed in Note 4.

In business combinations occurred after the date of transition to the International Financial Reporting Standards as adopted by the European Union – IFRS (1 January 2004), the assets and liabilities of each subsidiary are measured at fair value at the date of acquisition in accordance with IFRS 3 - "Business Combinations", with this measurement able to be concluded until 12 months after acquisition date. Any

excess on the cost of acquisition over the fair value of the identifiable net assets acquired (including contingent liabilities) is recognised as goodwill. Any excess of the fair value of the identifiable net assets and liabilities acquired over its cost is recognised as an income in the profit and loss statement of the period of acquisition, after reassessment of the estimated fair value attributed to the net assets acquired. Non-controlling interests are presented according to their share in the fair value of the acquired identifiable assets and liabilities.

The results of subsidiaries acquired or disposed during the period are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, respectively.

Adjustments to the financial statements of Group companies are performed, whenever necessary, in order to adapt its accounting policies to those used by the Group. All intercompany transactions, balances and distributed dividends are eliminated during the consolidation process.

Whenever the Group has, in substance, control over other entities created for a specific purpose ("Special Purpose Entities" – SPE's), even if no share capital interest is directly held in those entities, these are consolidated by the full consolidation method. As of 31 December 2015, these types of entities did not exist in the consolidated financial statements.

b) Investments in associated companies

Investments in associated companies (companies where the Group has significant influence but has no control over the financial and operating decisions - usually corresponding to holdings between 20% and 50% in a company's share capital) are accounted for in accordance with the equity method.

According to the equity method, the investments in associated companies are initially recorded at acquisition cost, which is adjusted proportionally to the Group's corresponding share capital, as at the acquisition date or as at the date of the first adoption of the equity method. On a yearly basis, investments are subsequently adjusted in accordance with the Group's participation in the associated company's net result. Additionally, the dividends of the subsidiary are recorded as a reduction in the investment's book value, and the Group's proportion in the changes occurred in the associated company's equity are recorded as a change in the Group's equity.

Any excess of the cost of acquisition over the Group's share in the fair value of the identifiable net assets acquired is recognised as goodwill, which is included in the caption "Investments in associated companies". If that difference is negative, it is recorded as a gain in the caption "Gains and losses in associated companies" after reassessment of the fair value of the identifiable assets and liabilities acquired.

An evaluation of investments held (and loans conceded) in associated companies is performed whenever there are signs of impairment in those investments. Impairment losses are recorded in the statement of profit and loss for the period in the caption "Gains and losses in associated companies". When those losses recorded in previous periods are no longer applicable, they are reverted in the statement of profit and loss for the period.

When the Group's share of losses in the associated company exceeds the investment's book value, the investment is recorded at null value, except to the extent of the Group's commitments to the associate. In such case, the Group records a provision to cover those commitments.

Unrealised gains arising from transactions with associated companies are eliminated proportionally to the extent of the Group's interest in the associated company against the investment held. Unrealised losses are also eliminated, but only to the extent that there is no evidence of impairment of the transferred asset.

The financial investments in associated companies are detailed in Note 4.

c) Goodwill

The difference between the acquisition cost of financial investments in Group companies (subsidiaries), added by the amount of the non-controlling interests, and the attributable amount to the fair value of the identifiable assets and liabilities of those companies, as of the acquisition date, when positive, is recorded under the caption "Goodwill" and, when negative, after reassessing its computation, is directly recorded in the statement of income. The differences between the acquisition cost of financial investments in associated companies and in jointly controlled entities and the amount attributable to the fair value of the identifiable

assets and liabilities of those companies, as of the acquisition date, when positive, are maintained in the caption “Investments in associated companies” and, when negative, after a reassessment of its computation, are directly recorded in the statement of income.

Additionally, the excess of the cost of acquisition of investments in foreign companies over the fair value of their identifiable assets and liabilities as at the date of acquisition is calculated using the local currency of each of those companies. Translation to the Group's currency (Euro) is performed using the exchange rate as at the balance sheet date. Exchange rate differences arising from this translation are recorded under the equity caption “Conversion reserves”.

Goodwill arising from acquisitions made prior to the date of transition to IFRS (1 January 2004) is stated using the carrying amounts in accordance with generally accepted accounting principles in Portugal as of that date, and was then subject to impairment tests. The impact of these adjustments was recorded in the caption “Retained earnings”, in accordance with IFRS 1. Goodwill arising from the acquisition of foreign companies was recomputed retrospectively using the local currency of each subsidiary.

Cofina Group, on a transaction by transaction basis (for each business combination), will opt to measure any non-controlling interest in the acquired company either at fair value or by the proportional part of the non-controlling interest of the identifiable net assets of the acquired company. Until 1 January 2010, non-controlling interests were measured exclusively in accordance with the proportion of the fair value of the assets and liabilities acquired.

The amount of contingent future payments is recognised as a liability as at the date of the business combination in accordance with its fair value. Any change to the initially recognised amount is recorded against goodwill, but only if it occurs within the measurement period (12 months after acquisition date) and if it relates with events before the acquisition date. In any other situation, these changes are recorded against the income statement.

Transactions involving acquisitions or disposals of interests in already controlled entities, as long as they do not represent loss of control, are treated as transactions between shareholders, thus only affecting equity captions, without any impact in goodwill or results.

Whenever a disposal transaction determines a loss of control, all assets and liabilities of the entity should be derecognized, and any remaining interest in the disposed entity should be re-measured at fair value, being the resulting loss or gain recorded in the income statement.

Goodwill is not amortised, but is subject to impairment tests on an annual basis. The recoverable amounts of cash generating units are determined based on the estimation of its value in use. The recovery amount is estimated to individual assets or, if not possible, for the cash-generating unit to which the asset belongs. These estimations require the use of assumptions based on estimates of future circumstances, which may be different from the expected outcomes. Impairment losses identified in the period are recorded in the statement of profit and loss under the caption “Provisions and impairment losses”, and may not be reversed.

d) Translation of financial statements of foreign companies

Assets and liabilities in the financial statements of foreign entities are translated to Euro using the exchange rates in force at the balance sheet date. Profit and loss and cash flows are converted to Euro using the average exchange rate for the period. The resulting exchange rate differences are recorded in equity captions.

Goodwill and adjustments to the fair value arising from the acquisition of foreign subsidiaries are recorded as assets and liabilities of those companies and translated to Euro at the balance sheet date exchange rate.

Whenever a foreign company is disposed, the accumulated exchange rate differences are recorded in the statement of profit and loss as a gain or loss associated with the disposal.

Exchange rates used in the translation of foreign group associated companies are listed below:

	31 December 2015		31 December 2014	
	Year end	Year average	Year end	Year average
Brazilian real	0.2319	0.2702	0.3105	0.3204

2.3 - MAIN ACCOUNTING POLICIES

The main accounting policies used by Cofina Group in the preparation of its consolidated financial statements are as follows:

a) Intangible assets

Intangible assets are recorded at cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognised if it is likely that future economic benefits will flow to the Group, are controlled by the Group and if its cost can be reliably measured.

Research costs incurred with new technical knowledge are recognised in the statement of profit and loss when incurred.

Development costs are recognised as an intangible asset if the Group has proven technical feasibility and ability to finish the development and to sell/use such assets and it is likely that those assets will generate future economic benefits. Development costs which do not fulfil these conditions are recorded as an expense in the period in which they are incurred.

Internal costs related with maintenance and development of software are recorded as expenses in the statement of profit and loss for the period in which they are incurred, except when these costs are directly attributable to projects for which the existence of future economic benefits is likely. Being this the case, they are capitalized as intangible assets.

Amortisation is calculated on a straight line basis, as from the date the asset is first used, over its expected useful life (usually 3 to 5 years).

b) Tangible assets

Tangible assets acquired until 1 January 2004 (IFRS transition date), are recorded at their respective deemed cost, which corresponds to its acquisition cost, or its acquisition cost restated in accordance with generally accepted accounting principles in Portugal until that date, net of accumulated amortization and accumulated impairment losses.

Tangible assets acquired after that date are recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis, as from the date the asset is available for use, over the expected useful life for each group of assets.

The depreciation rates used correspond to the following estimated useful lives:

	<u>Years</u>
Buildings and other constructions	10
Plant and machinery	2 to 15
Vehicles	2 to 10
Office equipment	2 to 10
Other tangible assets	3 to 10

Maintenance and repair costs related to tangible assets which do not increase the useful life or result in significant benefits or improvements in tangible fixed assets are recorded as expenses in the period they are incurred.

Tangible assets in progress correspond to fixed assets still in construction and are stated at acquisition cost, net of impairment losses. These assets are depreciated from the date they are concluded or ready to be used.

Gains or losses arising from the sale or disposal of tangible assets are calculated as the difference between the selling price and the asset's net book value as at the date of its sale/disposal, and are recorded in the statement of profit and loss under the captions "Other income" or "Other expenses", respectively.

c) Lease contracts

Lease contracts are classified as (i) a financial lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

Tangible fixed assets acquired under financial lease contracts and the corresponding liabilities are recorded in accordance with the financial method. Under this method, the cost of the fixed assets and the corresponding liability are reflected in the statement of financial position. In addition, interests included in the lease instalments and depreciation of the fixed assets, calculated as explained in Note 2.3.b), are recorded in the statement of profit and loss of the period to which they apply.

Classifying a lease as financial or as operational depends on the substance of the transaction rather than on the form of the contract.

The operational lease instalments on assets acquired under long-term rental contracts are recognised in full as expenses in the period to which they refer to.

d) Impairment of assets, except for Goodwill

Assets are assessed for impairment at each balance sheet date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit and loss under the caption "Provisions and impairment losses".

The recoverable amount is the higher of an asset's net selling price and its value of use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of the disposal. The value of use is the present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

Reversal of impairment losses recognised in prior years is recorded when the Company concludes that the impairment losses previously recognised for the asset no longer exist or have decreased. The reversal is recorded in the statement of profit and loss as "Other income". However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised for that asset in prior years.

e) Borrowing costs

Borrowing costs (interests) related with loans obtained are usually recognised as expenses in the statement of profit and loss for the period in which they are incurred, on an accrual basis.

When the Company becomes part of a loan agreement to specifically finance capital assets, the corresponding interests are capitalized, being part of the cost of the asset. The capitalization of these interests starts after the beginning of the preparation of the activities of construction, and ceases when the asset is ready for use or in case the project is suspended.

f) Inventories

Raw, subsidiary and consumable materials are stated at average acquisition cost, deducted from quantity discounts (rappel) granted by suppliers, which is lower than its market value.

Differences between the cost and the net realisable value of inventories, if negative, are shown as operating expenses under the caption "Provisions and impairment losses".

g) Provisions

Provisions are recognised when, and only when, (i) the Group has an obligation (legal or constructive) arising from a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at each balance sheet date to reflect the best estimate of the Board of Directors as of that date.

Restructuring provisions are recorded by the Group whenever a formal and detailed restructuring plan exists and has been communicated to the affected parties.

When a provision is computed taking into consideration the cash flows necessary to eliminate such obligation, it is recorded by its net present value.

h) Pension complements

Whenever there are commitments to provide pension complements to employees retiring due to age or disability, the Group Companies record provisions to face such commitments, based in actuarial calculations prepared by specialized entities. These actuarial liabilities are calculated in accordance with the "Projected Unit Credit" method, using the actuarial financial assumptions considered to be the most adequate. As of 31 December 2015 there are no commitments associated with pension complements to employees or former employees (Note 19).

i) Financial instruments

i) Investments

Investments held by the Group are classified in the following categories:

Financial investments at fair value through profit or loss: this category is divided into two subcategories: "Financial assets classified as held for trading" and "Financial assets designated by the Group at fair value through profit or loss". A financial asset is classified under this category if it is acquired principally for the purpose of selling it in the short term or its performance or investment strategy are analyzed and defined by the Board of Directors based on the fair value of the financial asset. Derivatives are also classified as instruments held for trading, except if designated as an effective hedging instrument. Financial instruments in this category are classified as current assets if they are held for trading or if it is expected that they will be realized within twelve months of the balance sheet date.

Held-to-maturity investments: this category includes non-derivative financial assets with fixed or variable reimbursements with fixed maturity, and for which the intention of the Board of Directors is to maintain them till its maturity.

Available-for-sale investments: this category includes the financial assets, non-derivatives, that are designated as available-for-sale and those that are not classified in the previous categories. This category is classified as non-current, unless the Board of Directors has the intention to sell the investment within 12 months from the balance sheet date.

Investments are initially measured at their acquisition cost, which is the fair value of the price paid, including transaction costs, if related with held to maturity and available for sale investments.

Investments available for sale and investments measured at fair value through profit and loss are subsequently measured at fair value by reference to its market value at the balance sheet date, without any deduction for transaction costs which may be incurred until its sale. Investments in equity instruments which

are not listed on a stock exchange market and whose fair value cannot be reliably measured are stated at cost net of impairment losses. Investments held to maturity are recorded at amortised cost, using the effective interest method.

Gains or losses arising from a change in the fair value of available for sale investments are recognised under the equity caption “Fair value reserves” included in the caption “Other reserves”, until the investment is sold or disposed, or until it is determined to be impaired, at which time the cumulative loss previously recognised in equity is transferred to profit or loss captions.

All purchases and sales of investments are recorded on its trade date, independently of the settlement date.

ii) Accounts receivable

The debts from customers and other debtors are recorded at their nominal amount and presented in the consolidated statement of financial position deduced from impairment losses recognised in the caption “Accumulated impairment losses”, in order to reflect their net realizable value. The accounts receivable, when current, do not include interests given the immaterial impact of discounting the cash flows.

Impairment losses are recorded following events that indicate, objectively and in a quantifiable manner, that the whole or part of the balance in debt will not be received. For such, each company takes into consideration market information that demonstrates that:

- the counterpart presents significant financial difficulties;
- significant delays in the payments by the counterpart;
- it's probable that the debtor enters into insolvency or financial reorganization.

The recognized impairment losses correspond to the difference between the carrying amount of the accounts receivable and the present value of estimated future cash flows, discounted at the original effective interest rate that, in the cases where a receipt is expected in time period shorter than one year, is considered null as the effect of the discount was considered immaterial.

iii) Loans

Loans are recorded as liabilities at the respective nominal value net of up-front fees and commissions directly related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the statement of profit and loss on an accrual basis.

Assets and liabilities are compensated and presented by their net amount as long as there is the right for compulsory fulfilment of their compensation and the Board of Directors intends to realise them on a net basis or realise the asset and simultaneously settle the liability.

iv) Accounts payable

Non-interest bearing accounts payable are stated at their nominal value, which is roughly equivalent to their fair value.

v) Derivative instruments

The Group may use derivative instruments to manage its exposure to financial risks. Derivative instruments are only used for hedge accounting purposes. Derivative instruments are not used for speculation purposes.

The criteria used by the Group to classify the derivative instruments as cash flow hedges are as follows:

- At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;
- Hedge effectiveness can be reliably measured;
- There is adequate documentation about the transaction at the inception of the hedge;
- The transaction to be hedged is highly probable to occur.

Cash flow hedges are initially recorded at cost, if any, and subsequently revaluated at their fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity in the caption “Hedging reserves”, included in the caption “Other reserves”.

The gain or loss relating to the ineffective portion is recognized immediately in the income statement, when calculated.

In cases when the derivative instruments do not comply with the above mentioned requirements to be considered as a cash-flow hedge, although initially engaged for that purpose, the changes in its fair value are recognized directly in the profit and loss statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised. When a hedging instrument no longer qualifies for hedge accounting, the cumulative gain or loss that was deferred in equity is transferred immediately to the profit and loss of the year and the subsequent revaluations of the derivative are recorded in the income statement, or added to the carrying amount of the hedged asset. Subsequent revaluations are recorded directly in the income statement.

In the case of derivatives embedded in other financial instruments or contracts, these are treated as separate derivatives when the risks and characteristics are not closely related with the host contracts and when the contracts are not reflected by its fair value with unrealised gains and losses recognised in the income statement.

vi) Classification of financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for based upon its contractual substance, regardless of its legal form. Equity instruments are those that represent a residual interest upon the Group's net assets and are recorded by the amount received, net of the costs incurred with its issuance.

vii) Own shares

Own shares are recorded at acquisition cost as a deduction to equity. Gains and losses arising on its sale are recorded in the equity caption "Other reserves".

viii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks on demand and term deposits and other treasury applications which reach its maturity within less than three months and may be mobilized without significant risk of change in value.

For purposes of the consolidated statement of cash flows, "Cash and cash equivalents" caption also includes bank overdrafts, which are included in the balance sheet caption "Bank loans".

j) Contingent assets and liabilities

Contingent liabilities are defined by the Company as (i) possible obligations that arise from past events and which existence will be confirmed, or not, by one or more occurrences of uncertain future events not controlled by the Company, or (ii) present obligations that arise from past events but that are not recorded because it is unlikely that an outflow of resources will occur to settle the obligation or the obligation amount cannot be reliably measured.

Contingent liabilities are not recorded in the consolidated financial statements, being disclosed, unless the probability of a cash outflow is remote, in which case no disclosure is made.

Contingent assets are possible assets arising from past events and whose existence will be confirmed, or not, by uncertain future events not controlled by the Company.

Contingent assets are not recorded in the consolidated financial statements but only disclosed when the existence of future economic benefits is likely.

k) Income tax

Income tax for the period is determined based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current taxes are computed based on the taxable profit of the consolidated companies, in accordance with the tax legislation in force in each company's jurisdiction.

The majority of the companies included in the consolidation by the full consolidation method are taxed in accordance with the special regime for taxation of groups of companies ("Regime Especial de Tributação de Grupos de Sociedades" – "RETGS"), in accordance with article 69 of the Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas). Cofina, SGPS, S.A. is the dominant company of this group of companies.

Deferred taxes are computed using the balance sheet liability method and reflect the timing differences between the amount of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes. Deferred taxes are computed and reassessed on a yearly basis using the tax rate that is expected to be in force at the time these temporary differences are reversed.

Deferred tax assets are only recorded when there is reasonable expectation that sufficient taxable profits will arise in the future to allow such deferred tax assets to be used. At the end of each period the Company reviews its recorded and unrecorded deferred tax assets which are reduced whenever its recoverability ceases to be likely, or recorded if it is likely that taxable profits will be generated in the future to enable them to be recovered.

Deferred tax assets and liabilities are recorded in the statement of profit and loss, except if related to items directly recorded in equity. In these cases the corresponding deferred tax is also recorded in equity captions.

l) Revenue recognition and accrual basis

Revenue arising from the sale of goods is recognised in the consolidated income statement when (i) the risks and benefits have been transferred to the buyer, (ii) the Company retains neither continued management involvement in a degree usually associated with ownership nor effective control over the goods sold, (iii) the amount of the revenue can be measured reasonably, (iv) it is likely that the economic benefits associated with the transaction will flow to the Company, and (v) the costs incurred or to be incurred related with the transaction can be reliably measured. Sales are recorded net of taxes, discounts and other expenses arising from the sale, and are measured at the fair value of the amount received or receivable.

Sales of magazines and newspapers are recorded in the period they are distributed; the newspapers distribution is performed on a daily basis, and the magazines on a weekly, monthly or bi-monthly basis. Returns of unsold publications are recorded in the corresponding period, as a decrease of previously recorded income. Income arising from magazine and newspaper subscriptions is recognised over the subscription period (usually 1 year).

Services rendered regarding the sale of advertising space are recorded in the period in which the advertising is published. Quantity discounts relating to the sale of advertising space are recorded in the period to which they relate as a deduction of the caption "Services rendered".

Services rendered regarding television transmission rights are recorded in the period the service is provided.

Services rendered regarding printing activities are recognized in the period in which the services are rendered.

Dividends are recognised as income in the period its distribution is approved.

All other income and expenses are recognised in the period to which they relate, independently of when the amounts are received or paid. Differences between the amounts received and paid and the corresponding income and expenses are recorded in the captions of accrued and deferred expenses and income included in the captions "Other current assets" and "Other current liabilities".

m) Balances and transactions expressed in foreign currencies

All assets and liabilities expressed in foreign currencies were translated to Euro using the exchange rates in force as of the balance sheet date. Favourable and unfavourable exchange differences arising from changes in the exchange rates between those prevailing on the dates of the transactions and those in force

on the dates of payment, collection or as of the balance sheet date are recorded in the consolidated statement of profit and loss.

n) Subsequent events

Post balance sheet date events that provide additional information about conditions that existed at the balance sheet date (adjusting events), are reflected in the consolidated financial statements. Post balance sheet date events that provide information about conditions that have only arisen after the balance sheet date ("non-adjusting events") are disclosed in the notes to the financial statements, if material.

o) Segment information

In each period, the Company identifies the most adequate segment division taking into consideration the business áreas in which the Group is represented and managed.

Information regarding the business segments identified is included in Note 34.

p) Cash flows statement

Consolidated cash flow statement is prepared, using the direct method, in accordance with IAS 7. The Group classifies as "Cash and cash equivalents" applications which mature in less than three months and which are subject to insignificant risk of change in value.

Consolidated cash flow statement is classified by operating, investing and financing activities. Operating activities include cash receipts from customers, cash payments to suppliers, cash payments to and on behalf of employees and other operating activities payments and receipts. Investing activities cash flows include, essentially, payments and receipts related with acquisitions and sales of tangible assets and investments. Financing activities cash flows include, essentially, payments and receipts of loans and borrowings, financial lease contracts and dividend payments.

q) Judgments and estimates

In the preparation of the Group's financial statements judgments and estimates have been made and different assumptions were used that affect the reported amounts of assets and liabilities, as well as the reported amounts of profits and losses of the year.

The estimates and underlying assumptions were determined based on the best existing knowledge as of the date of approval of the financial statements of the events and transactions in progress, as well as the experience of past and / or current events. However, situations may occur in subsequent periods which are not foreseeable at the date of approval of the financial statements, and were not considered in these estimates. Changes to the estimates that occur after the date of the financial statements will be corrected prospectively. For this reason and given the degree of uncertainty, actual results of the transactions in question may differ from the corresponding estimates.

The most significant accounting estimates reflected in the consolidated financial statements include:

- Impairment analysis of goodwill;
- Recognition of provisions and impairment losses;
- Determination of the fair value of financial instruments;
- Determination of fair value in connection with business combinations;
- Recognition of deferred tax assets;
- Useful lives of tangible and intangible assets.

r) Risk management policy

Cofina Group is exposed basically to (i) market risks, (ii) credit risks and (iii) liquidity risks. The main objective of Cofina's risk management is to reduce these risks to an acceptable level.

The Group's main risk management principles are approved by the Board of Directors of Cofina, SGPS, S.A., while its implementation is supervised by the directors of each of its subsidiaries.

(i) Market risk

Within market risk, the exchange rate, interest rate and price risks assume particular relevance.

a. Exchange rate

The impact in the Company's consolidated financial statements arising from changes in the exchange rates is reduced, given the fact that most of the operational cash flows are contracted in Euro. The Group is only exposed to the risk of exchange rate in transactions in Brazilian Real, in relation to the stake held in the associated company Destak Brazil - Empreendimentos e Participações, S.A. and in Adcom Media-Anúncios e Publicidade, S.A.. Therefore, the Company's Board of Directors considers that potential changes in the exchange rates will not have a significant effect on the consolidated financial statements.

In the event of transactions with non-resident entities and settled in a currency other than Euro where the variation of exchange rate may have a significant impact on its performance, the Group aims to hedge its position by entering into financial derivative contracts whenever applicable and considered necessary to reduce the volatility of its results.

b. Interest rate

The risk of interest rate mainly arises from the indebtedness indexed to variable rates, thus leading the cost of debt to be quite volatile.

The Group uses derivative instruments or similar transactions for hedging interest rate considered significant. Three principles are used in the selection and determination of the hedging instruments of interest rate:

- For each derivative or hedging instrument used to protect the risk associated with a particular funding, there is coincidence between the dates of the flow of interests paid on loans to be hedged and the dates of liquidation under the hedging instruments;
- Perfect equivalence between the base rates: the indexing used in derivative or hedging instrument should be the same as that applicable to the financing or transaction that is being covered; and
- Since the beginning of the transaction, the maximum cost of debt resulting from the hedging transaction undertaken, is known and limited, even in scenarios of extreme changes in interest rates market.

Since the entire indebtedness of Cofina is indexed to floating rates, interest rate swaps are used when it is considered necessary as a mean of protection against changes in future cash flows associated with interest payments. The interest rate swaps agreed have the economic effect of converting the loans linked to variable rates to fixed rates. Under these contracts the Group agrees with other parties (banks) to exchange, in pre-determined periods of time, the difference between the amount of interest calculated at the fixed rate and variable rate contracted at that time, with reference to the respective amounts previously agreed.

The counterparts of the hedging instruments are limited to high credit quality financial institutions, since the Group policy priority is the hiring of these instruments with banks that are part of its financing operations. For purposes of determining the counterpart of specific operations, Cofina requests proposals and indicative prices from a representative number of banks to ensure adequate competitiveness of these operations.

In determining the fair value of hedging transactions, the Group uses certain methods, such as valuation models of options and discounted future cash flows, as well as certain assumptions that are based on the interest rate market conditions prevailing at the date of the consolidated financial statement position. Quotes of comparative financial institutions, for specific instruments, are used as reference for evaluation.

The Board of Directors approves the terms and conditions of the relevant funding of the Group, analysing the structure of such debt, the risks and the different options available in the market, particularly regarding the type of interest rate (fixed / variable).

(ii) Credit risk

The Group's exposure to credit risk is mainly related with accounts receivable arising from its operating and treasury activities. The credit risk relates to the risk of the counterparty not fulfilling its contractual obligations, resulting in a loss to the Group.

The evaluation of credit risk is made on a regular basis, taking into consideration the current conditions of economic conjuncture and the specific situation of credit rating of each debtor, adopting corrective measures whenever necessary.

The Group's credit risk is not concentrated in any particular customer or group of customers with similar characteristics; the accounts receivable are distributed through a high number of customers, different areas of business and geographic areas.

The adjustments to accounts receivable are calculated taking into consideration (i) the risk profile of the customer, (ii) the average collection period, and (iii) the customer's financial conditions.

The amounts included in the face of the consolidated statement of financial position are presented net of accumulated impairment losses, and therefore, at its fair value.

(iii) Liquidity risk

The aim of liquidity risk management is to assure that the Group has the ability to meet its responsibilities and pursue the defined strategic goals, complying with all the commitments set with third parties within the established deadlines.

The Group defines as active politics (i) to keep an adequate level of immediately available resources to face to the necessary payments in its due date, (ii) reduce the probability of default in the reimbursement of loans, negotiating the amplitude of its contractual clauses and (iii) minimize the cost of opportunity of excessive short term liquidity.

The Group additionally aims to make compatible the due dates of assets and liabilities through an active management of its maturities.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the year, there were no changes in accounting policies and no material errors related with prior years occurred.

4. INVESTMENTSConsolidation perimeter

The companies included in consolidation by the full consolidation method, their headquarters, percentage of participation held and activity as of 31 December 2015, are as follows:

Designation	Headquarters	Percentage of participation held	Activity
<u>Parent Company:</u>			
Cofina, SGPS, S.A.	Porto		Holding
<u>Cofina Media Group</u>			
Cofina Media, S.A. ("Cofina Media") (a)	Lisbon	100,00%	Newspapers and magazine publication, television broadcasting, Production and creation of websites for online business development, events promotion and organization
Grafedisport – Impressão e Artes Gráficas, S.A. ("Grafedisport")	Lisbon	100,00%	Newspapers printing
Adcom Media – Anúncios e Publicidade S.A. ("Adcom Media")	São Paulo, Brazil	100,00%	Communication and advertising services

(a) – During the year ended 31 December 2015, a merger process by incorporation took place between the incorporating company Cofina Media, S.A. and the incorporated companies Metronews - Publicações, S.A., Transjornal – Edição de Publicações, S.A. and Gratiutgadget - SGPS, Lda.; having Cofina Media incorporated, with accounting effects as of 1 January 2015, all operating activities of these companies as well as the global transfer of the assets and liabilities of the merged companies at its book value. This merger did not produce any impact on the accompanying consolidated financial statements. Additionally Cofina acquired, through a compulsory acquisition, shares representing 0.10% of the share capital of Cofina Media, S.A., becoming the holder of 100% of the share capital and also of the voting rights.

During the year ended 31 December 2015, Cofina Group proceeded to the liquidation of its subsidiary Buz Participações Ltd. Therefore, that company, as of that date, ceased to be part of the consolidation perimeter.

All the above companies were included in the consolidated financial statements of Cofina Group by the full consolidation method, as established in Note 2.2.a).

Investments in Associated Companies

The associated companies, their headquarters, the percentage participation held, and activity as of 31 December 2015 are as follows:

Designation	Headquarters	Percentage of Participation Held		Activity
		Direct	Indirect	
VASP – Sociedade de Transportes e Distribuições, Lda. ("VASP")	Lisbon	33.33%	-	Publications distribution
Destak Brasil – Empreendimentos e Participações, S.A. ("Destak Empreendimentos")	São Paulo, Brasil	29.90%	-	Holding
Mercados Globais – Publicação de Conteúdos, Lda ("Mercados Globais").	V.N.Gaia	50%	-	Management services and promotion of a financial forum on the internet

The associated companies VASP and Destak Brasil were included in the consolidated financial statements of Cofina Group by the equity method, as referred to in Note 2.2.b). The company Mercados Globais was recorded at acquisition cost deducted from impairment losses.

As of 31 December 2015 and 2014, the financial information summarized from associated companies can be resumed as follows:

	31.12.2015		31.12.2014	
	VASP	Destak Empreendimentos (in EUR)	VASP	Destak Empreendimentos (in EUR)
Non-current assets	14,494,314	322,585	13,129,785	446,250
Current asset	19,888,055	2,251	22,507,956	1,442
Non-current liabilities	921,283	1,067,265	-	220,365
Current liabilities	24,337,236	360	24,181,275	428
Equity attributable to equity holder of the parent company	9,123,850	(742,788)	11,456,466	226,898

	31.12.2015		31.12.2014	
	VASP	Destak Empreendimentos (in EUR)	VASP	Destak Empreendimentos (in EUR)
Turnover	207,180,227	528,738	209,524,457	346,256
Other operational income	448,842	-	260,319	17,478
Operational expenses	(205,895,272)	(1,590,764)	(207,728,655)	(757,906)
Amortization and depreciation	(698,621)	-	(592,559)	-
Financial results	(50,164)	(33)	(31,380)	(24)
Income tax	(317,628)	(855)	(408,541)	(1,688)
Net income	667,384	(1,062,915)	1,023,641	(395,883)

As of 31 December 2015 and 2014, changes in value of investments in associated companies are as follows:

	31/12/2015			31/12/2014		
	VASP	Destak Brasil Empreendimentos	Total	VASP	Destak Brasil Empreendimentos	Total
Investment in associated companies						
Balance as of 1 January	3,792,565	67,842	3,860,407	3,797,659	-	3,797,659
Company's share capital						
Gains and losses in Investments in associated companies	243,212	(272,795)	(29,583)	414,906	67,341	482,247
Capital reductions /dividends	(1,000,000)	-	(1,000,000)	(420,000)	-	(420,000)
Other	5,507	(4,684)	823	-	501	501
Provision reclassification	-	209,637	209,637	-	-	-
Closing Balance	3,041,284	-	3,041,284	3,792,565	67,842	3,860,407

The acquisition cost of the associated companies, their book value, equity and net result, as of 31 December 2015, are as follows:

Designation	Acquisition cost	Book Value	Equity	Net Result
VASP (a)	€ 6,234	€ 3,041,284	€ 9,123,850	€ 667,384
Destak Empreendimentos. (a)	€ 299,065	€ (209,637)	R\$ (3,203,054)	R\$ (3,933,807)
Mercados Globais – Publicação de Conteúdos, Lda. (b)	€ 72,000	-	(b)	(b)

- (a) – Provisional financial information
(b) – Financial information non-available

As of 31 December 2015 and 2014 the caption “Investments in associated companies” can be detailed as follows:

	31.12.2015	31.12.2014
Investment		
VASP	3,041,284	3,792,565
Destak Empreendimentos	-	67,842
Mercados Globais - Publicação de Conteúdos, Lda.	72,000	72,000
	<u>3,113,284</u>	<u>3,932,407</u>
Accumulated impairment losses on investments in associate	(72,000)	(72,000)
	<u>3,041,284</u>	<u>3,860,407</u>
Loans		
Destak Empreendimentos	100,000	-
	<u>3,141,284</u>	<u>3,860,407</u>

Investments available for sale

As of 31 December 2015 and 2014 the Group has investments available for sale corresponding to non-controlling investments in unlisted companies. The Group has recorded impairment losses to face differences to their net realisable amount (Note 21), presenting this caption a net book value of 9,080 Euro and 29,498 Euro, respectively. As of 31 December 2015 and 2014 the total value of investments, for which adjustments were made in the same value, amounts to 244,439 Euro (Note 21).

5. CHANGES IN THE CONSOLIDATION PERIMETER

No changes in the consolidation perimeter occurred during the years ended as of 31 December 2015 and 2014.

6. GOODWILL

The movement occurred in goodwill and related impairment losses during the years ended as of 31 December 2015 and 2014 was as follows:

	31.12.2015	31.12.2014
Balance as of 1 January	89,316,685	90,952,056
Impairment losses (Note 21)	-	(1,658,968)
Exchange rate variation	(527,108)	23,597
Balance as of 31 December	<u>88,789,577</u>	<u>89,316,685</u>

During the year ended as of 31 December 2015 the variation occurred in the caption “Goodwill” is due to the exchange rate variation in the year ended as of that date in the goodwill of the subsidiary Adcom Media.

During the year ended as of 31 December 2014 the variation occurred in the caption “Goodwill” is due to (i) the exchange rate variation in the year ended as of that date in the goodwill of the subsidiary Adcom Media and to (ii) impairment losses recorded in the goodwill of the segment Newspapers – Portugal.

In the year ended as of 31 December 2014, and following an internal reorganization of Cofina Group which was completed in 2015, several subsidiaries were merged by incorporation into Cofina Media, S.A. (Note 4). Thus, the allocation of goodwill has been presented in terms of cash generating segments instead of subsidiaries, since these were eliminated by the merger. These segments are the smallest identifiable groups of cash generating units and are largely independent of the cash inflows from other cash generating units. Therefore, goodwill is outlined in detail by segment as follows:

- a) Magazines: consisting essentially of the subsidiary merged in Cofina Media, S.A. – Edirevistas – Sociedade Editorial, S.A., whose main publications refer to “TV Guia”, “Flash”, “Vogue”, and “Máxima”.

b) Newspapers-Portugal: consisting essentially of the companies merged in Cofina Media, S.A. – Presselivre Imprensa Livre, S.A. and Web Works – Desenvolvimento de Aplicações para Internet, S.A. and by the companies Metronews – Publicações, S.A. and Transjornal – Edição de Publicações, S.A., whose main publications refer to newspapers “Correio da Manhã”, “Destak” and “Metro”, to the magazine “Sábado”, and to the website “Empregos On-line”.

c) Newspapers-Brazil: consisting essentially of Adcom Media – Anúncios e Publicidade, S.A. – entity whose activity is related to the free newspaper “Destak Brasil” published in Brazil.

d) Graphic printing: consisting of “Grafedisport – Impressão e Artes Gráficas, S.A.”, providing graphic printing services to the “media” sector.

Thus, as of 31 December 2015 and 2014, the caption “Goodwill” was as follows:

	31.12.2015	31.12.2014
Newspapers	84,431,971	84,959,079
Newspapers - Portugal	80,969,457	80,969,457
Newspapers - Brazil	1,556,055	2,083,163
Graphic printing	1,906,459	1,906,459
Magazines	4,357,606	4,357,606
	88,789,577	89,316,685

Goodwill is tested for impairment on an annual basis and whenever events or changes in circumstances indicate that the amount by which the asset is recorded may not be recovered. When the amount by which the asset is recorded is greater than its recoverable amount, an impairment loss is recorded. The recoverable amount is the higher of the net selling price and the value of use.

During the year ended as of 31 December 2015, impairment losses were not recognized in any business segment.

During the year ended as of 31 December 2014, impairment losses were recognized in relation to goodwill generated in the segment of Newspapers-Portugal, in the total amount of 1,658,968 Euro.

Goodwill impairment tests are performed using the “discounted cash flow” method, based on the financial projections of cash flow covering a period of six years of each cash generating unit and considering a perpetuity as of the sixth year (since the Board of Directors understands it to be the most appropriate period due to the cyclical nature of the Group's operations).

The financial projections are prepared based on assumptions of evolution of the activity of the cash generating units, which the Board considers to be consistent with the history and the trend of markets, being reasonable and prudent and that reflect their vision. In addition, whenever possible, market data was obtained from external entities, which were compared with historical data, and the Group's experience.

The discount rates reflect Cofina's Group indebtedness level and debt capital cost of Cofina Group (given that it is common to the several segments) as well as the level of risk and profitability expected by the market. Moreover, in determining the discount rates, the component related to the interest rate of a risk-free asset has by reference the interest rate for brazilian or portuguese ten-year bonds, depending on the market. The discount rates include a market risk premium.

The perpetuity growth rate is estimated based on market potential analysis of each cash generating unit, based on the Board's expectations.

The impairment tests performed as of 31 December 2015, had the following main changes in relation to past experience is as follows:

- decrease of the discount rate for the domestic market, mainly due to lower risk of Portuguese sovereign debt.
- increase of the discount rate for the brazilian market, mainly due to higher risk of Brazilian sovereign debt.

Impairment tests for the year ended as of 31 December 2015:

Newspaper - Portugal:

The recoverable amount of this cash generating unit was determined considering the financial projections of the newspapers sold in Portugal for a period of six years, a discount rate of 7.67% (9.59% in December 31, 2014) and a growth rate in perpetuity of 2.0% (as in 2014).

The main activity assumptions considered were the following:

- Circulation: an average annual growth of circulation of newspapers of 0.1% was estimated;
- Advertising market: a compound annual average growth rate over the projection period of 2.5%, was considered;
- Advertising market share: the maintenance of a market share similar to the one seen in 2015, over the remaining period of the projections, was considered;
- Portfolio: the maintenance of current publications was considered.

The Company performed sensitivity analysis, as follows:

- an increase of 0.25% in the discount rate's assumption over the projection years would not generate additional relevant material impairment losses, as of 31 December 2015;
- a reduction of 0.5% in the growth rate in perpetuity's assumption would not generate additional relevant material impairment losses, as of 31 December 2015.

Newspaper - Brazil:

The recoverable amount of this cash generating unit was determined considering the financial projections of the newspapers sold in Brazil for a period of six years, a discount rate of 19.29% (15.60% in December 31, 2014) and a growth rate in perpetuity of 1,5% (as in 2014).

The main activity assumptions considered were the following:

- Turnover: an average annual growth rate over the projection period of 4.1% was considered.

The Company performed sensitivity analysis, as follows:

- an increase of 0.25% in the discount rate's assumption over the projection years would imply the need to record an impairment loss of, approximately, 100,000 Euro as of 31 December 2015;
- a reduction of 0.5% in the growth rate in perpetuity's assumption would imply the need to record an impairment loss of, approximately, 50,000 Euro as of 31 December 2015.

Graphic printing:

The recoverable amount of this cash generating unit was determined considering the financial projections of the graphic printing services for a period of six years, a discount rate of 7.67% (9.59% in December 31, 2014) and a growth rate in perpetuity of 2,0% (as in 2014).

The main activity assumptions considered were the following:

- Turnover: an average annual growth rate of 2.0% was estimated;

The Company performed sensitivity analysis, as follows:

- an increase of 0.25% in the discount rate's assumption over the projection years would not imply the need to record an impairment loss as of 31 December 2015;

- a reduction of 0.5% in the growth rate in perpetuity's assumption would not imply the need to record an impairment loss as of 31 December 2015.

Magazines:

The recoverable amount of this cash generating unit was determined considering the financial projections of the magazines for a period of six years, a discount rate of 7.67% (9.59% in December 31, 2014) and a growth rate in perpetuity of 2.0% (as in 2014).

The main activity assumptions considered were the following:

- Circulation: an average annual growth rate of circulation of magazines, in the projection period, of (0.1%) was estimated;

- Advertising market: a compound annual average growth rate over the projection period of 0.3% was considered;

- Advertising market share: the maintenance of a market share similar to the one seen in 2015, over the remaining projections period, was considered;

- Portfolio: the maintenance of current publications was considered.

The Company performed sensitivity analysis, as follows:

- an increase of 0.25% in the discount rate's assumption over the projection years would not imply the need to record an impairment loss as of 31 December 2015;

- a reduction of 0.5% in the growth rate in perpetuity's assumption would not imply the need to record an impairment loss as of 31 December 2015.

The quantification of the above referred assumptions was undertaken based on historical data and the experience of the Board of Directors of the Group. However, such assumptions could be affected by phenomena of political, economic or legal nature which are currently unpredictable.

As a result of the impairment tests carried out based on the methodology, with the procedures and assumptions referred to above, the Board of Directors concluded that there are no additional impairment losses to be recognized. It is Board of Directors conviction that the effect of any deviations that may occur in the main assumptions underlying the recoverable amount of the cash generating units, will not lead, in all material respects, to the impairment of its goodwill.

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7. TANGIBLE FIXED ASSETS

The movement occurred in tangible assets and in its accumulated depreciation and impairment losses during the years ended as of 31 December 2015 and 2014 was as follows:

	2015							
	Gross Assets							
	Land	Buildings and other constructions	Machinery and equipment	Transport equipment	Office Equipment	Other Tangible Assets	Work in progress	Total
Opening Balance	48,994	4,172,695	23,061,529	796,251	8,105,372	1,434,408	-	37,619,249
Additions	-	40,551	478,046	60,336	386,150	-	-	965,083
Disposals and write-offs	-	-	(879)	(55,268)	(2,480)	-	-	(58,627)
Transfers	-	-	-	(6,823)	-	67,197	-	60,374
Closing Balance	48,994	4,213,246	23,538,696	794,496	8,489,042	1,501,605	-	38,586,079
	2015							
	Accumulated depreciation and impairment losses							
	Land	Buildings and other constructions	Machinery and equipment	Transport equipment	Office Equipment	Other Tangible Assets	Work in progress	Total
Opening Balance	-	1,598,889	20,333,468	758,409	7,788,986	1,256,031	-	31,735,783
Additions	-	433,631	1,446,949	32,003	453,318	75,287	-	2,441,188
Disposals and write-offs	-	-	(353)	(55,268)	-	(1,696)	-	(57,317)
Closing Balance	-	2,032,520	21,780,064	735,144	8,242,304	1,329,622	-	34,119,654
	48,994	2,180,726	1,758,632	59,352	246,738	171,983	-	4,466,425
	2014							
	Gross Assets							
	Land	Buildings and other constructions	Machinery and equipment	Transport equipment	Office Equipment	Other Tangible Assets	Work in progress	Total
Opening Balance	48,994	4,161,307	22,150,401	853,514	8,052,582	1,392,293	-	36,659,091
Additions	-	4,441	721,986	15,248	89,682	45,780	218,564	1,095,701
Disposals and write-offs	-	-	(22,479)	(72,511)	(37,877)	(3,665)	-	(136,532)
Transfers	-	6,943	211,621	-	-	-	(218,564)	-
Exchange rate variation	-	4	-	-	985	-	-	989
Closing Balance	48,994	4,172,695	23,061,529	796,251	8,105,372	1,434,408	-	37,619,249
	2014							
	Accumulated depreciation and impairment losses							
	Land	Buildings and other constructions	Machinery and equipment	Transport equipment	Office Equipment	Other Tangible Assets	Work in progress	Total
Opening Balance	-	1,169,266	18,809,166	794,343	7,537,362	1,171,423	-	29,481,560
Additions	-	429,620	1,530,441	36,577	288,598	88,273	-	2,373,509
Disposals and write-offs	-	-	(6,139)	(72,511)	(37,877)	(3,665)	-	(120,192)
Exchange rate variation	-	3	-	-	903	-	-	906
Closing Balance	-	1,598,889	20,333,468	758,409	7,788,986	1,256,031	-	31,735,783
	48,994	2,573,806	2,728,061	37,842	316,386	178,377	-	5,883,466

As of 31 December 2015 and 2014, the net value of tangible fixed assets acquired under leasing arrangements can be detailed as follows:

	31.12.2015			31.12.2014		
	Gross Assets	Accumulated depreciation and impairment losses	Net Assets	Gross Assets	Accumulated depreciation and impairment losses	Net Assets
Machinery and equipment	86,270	57,371	28,899	12,284,936	11,106,153	1,178,783
Office equipment	-	-	-	409,636	409,636	-
Transport equipment	-	-	-	47,086	47,086	-
	86,270	57,371	28,899	12,741,658	11,562,875	1,178,783

As of 31 December 2015 and 2014 there were no tangible assets pledged as guarantee for loans, nor were there any interest capitalized to fixed assets.

8. INTANGIBLE ASSETS

During the year ended as of 31 December 2015 and 2014, the movement in intangible assets, as well as in the corresponding accumulated depreciation and impairment losses, was as follows:

2015					
Gross Assets					
Patents, royalties and other rights	Other intangible assets	Software	Work in progress	Total	
Opening Balance	760,559	356,407	4,547,995	34,200	5,699,161
Additions	-	13,683	139,908	-	153,591
Transfers and write-offs	-	-	1,020	(1,020)	-
Exchange rate variation	-	-	-	-	-
Closing Balance	760,559	370,090	4,688,923	33,180	5,852,752

2015					
Accumulated depreciation and impairment losses					
Patents, royalties and other rights	Other intangible assets	Software	Work in progress	Total	
Opening Balance	760,559	342,724	4,106,801	-	5,210,084
Additions	-	27,366	423,596	-	450,962
Exchange rate variation	-	-	-	-	-
Closing Balance	760,559	370,090	4,530,397	-	5,661,046
	-	-	158,526	33,180	191,706

2014					
Gross Assets					
Patents, royalties and other rights	Other intangible assets	Software	Work in progress	Total	
Opening Balance	760,559	356,407	4,173,996	-	5,290,962
Additions	-	-	160,981	247,212	408,193
Transfers and write-offs	-	-	213,012	(213,012)	-
Exchange rate variation	-	-	6	-	6
Closing Balance	760,559	356,407	4,547,995	34,200	5,699,161

2014					
Accumulated depreciation and impairment losses					
Patents, royalties and other rights	Other intangible assets	Software	Work in progress	Total	
Opening Balance	760,559	342,724	3,553,492	-	4,656,775
Additions	-	-	553,304	-	553,304
Exchange rate variation	-	-	5	-	5
Closing Balance	760,559	342,724	4,106,801	-	5,210,084
	-	13,683	441,194	34,200	489,077

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9. CLASSES OF FINANCIAL INSTRUMENTS

The financial instruments, in accordance with the policies described in Note 2, were classified as follows:

Financial assets

31 December 2015	Loans and Accounts Receivable	Assets recorded at fair value through profits and losses	Sub-total	Assets not covered by IFRS 7	Total
Non-current assets					
Investments measured at fair value through profits and losses	-	16,933	16,933	-	16,933
Other non-current debtors	350,000	-	350,000	-	350,000
Other non-current assets	1,592,676	-	1,592,676	-	1,592,676
	1,942,676	16,933	1,959,609	-	1,959,609
Current assets					
Customers	9,712,319	-	9,712,319	-	9,712,319
State and other public bodies	-	-	-	905,275	905,275
Other current debtors	392,502	-	392,502	-	392,502
Other current assets	-	-	-	7,920,681	7,920,681
Cash and cash equivalents	8,193,580	-	8,193,580	-	8,193,580
	18,298,401	-	18,298,401	8,825,956	27,124,357
	20,241,077	16,933	20,258,010	8,825,956	29,083,966
31 December 2014					
Non-current assets					
Investments measured at fair value through profits and losses	-	5,482	5,482	-	5,482
Other non-current debtors	350,000	-	350,000	-	350,000
	350,000	5,482	355,482	-	355,482
Current assets					
Customers	9,088,161	-	9,088,161	-	9,088,161
State and other public bodies	-	-	-	945,464	945,464
Other current debtors	312,548	-	312,548	-	312,548
Other current assets	-	-	-	7,115,217	7,115,217
Cash and cash equivalents	12,658,992	-	12,658,992	-	12,658,992
	22,059,701	-	22,059,701	8,060,681	30,120,382
	22,409,701	5,482	22,415,183	8,060,681	30,475,864

Financial liabilities

31 December 2015	Derivatives	Other financial liabilities	Sub-total	Liabilities not covered by IFRS 7	Total
Non-current liabilities					
Other loans	-	49,521,018	49,521,018	-	49,521,018
Other non-current creditors	-	15,090	15,090	-	15,090
	-	49,536,108	49,536,108	-	49,536,108
Current liabilities					
Other loans - short term	-	17,989,994	17,989,994	-	17,989,994
Suppliers	-	12,467,270	12,467,270	-	12,467,270
State and other public bodies	-	-	-	3,292,142	3,292,142
Other current creditors	-	2,490,579	2,490,579	-	2,490,579
Other current liabilities	-	-	-	8,420,122	8,420,122
	-	32,947,843	32,947,843	11,712,264	44,660,107
	-	82,483,951	82,483,951	11,712,264	94,196,215
31 December 2014					
Non-current liabilities					
Bank loans	-	-	-	-	-
Other loans	-	49,274,676	49,274,676	-	49,274,676
Other non-current creditors	-	45,080	45,080	-	45,080
	-	49,319,756	49,319,756	-	49,319,756
Current liabilities					
Bank loans	-	4,732,462	4,732,462	-	4,732,462
Other loans - short term	-	23,496,752	23,496,752	-	23,496,752
Derivative financial instruments	-	-	-	-	-
Suppliers	-	9,158,181	9,158,181	-	9,158,181
State and other public bodies	-	-	-	3,065,338	3,065,338
Other current creditors	-	5,346,958	5,346,958	-	5,346,958
Other current liabilities	-	-	-	8,789,570	8,789,570
	-	42,734,353	42,734,353	11,854,908	54,589,261
	-	92,054,109	92,054,109	11,854,908	103,909,017

Financial instruments recognized at fair value

The table below details the financial instruments measured at fair value after initial recognition, grouped into three levels according to the possibility of observing its fair market value:

Level 1: fair value is determined based on current active market prices;

Level 2: fair value is determined based on valuation techniques. The main inputs of the valuation models are observable in the market;

Level 3: fair value is determined based on valuation models, whose main inputs are not observable in the market.

	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments measured at fair value through profits and losses	16,933	-	-	5,482	-	-

As of 31 December 2015 and 2014 investments measured at fair value through profit and loss refer to the Group's contributions for the labour compensation fund ("Fundo de compensação do trabalho").

10. CURRENT AND DEFERRED INCOME TAXES

In accordance with the current legislation, tax returns are subject to review and correction by the tax authorities over a period of four years (five years for Social Security), except when tax losses have occurred, tax benefits have been granted, or tax inspections, complaints or disputes are in progress. In these cases, depending on the circumstances, the deadlines can be extended or suspended. Therefore, the tax returns of Cofina, its subsidiaries and associated companies for the years 2012 to 2015 may still be subject to review.

The Board of Directors of Cofina believes that any potential corrections resulting from reviews/inspections of these tax returns by the tax authorities will not have a significant effect on the consolidated financial statements as of 31 December 2015 and 2014.

Cofina is the dominant company of the group of companies that are subject to the special regime of taxation of groups of companies ("Regime Especial de Tributação de Grupos de Sociedades - RETGS").

The movements occurred in deferred tax assets in the years ended as of 31 December 2015 and 2014 were as follows:

	Deferred tax assets	
	2015	2014
Opening balance	2,578,268	4,697,703
Effects on the income statement:		
Increase/(Decrease) in tax losses carried forward	(825,990)	1,180,494
Increase/(Decrease) in provisions not accepted for tax purposes	(31,723)	(603,988)
Tax effect of the IFRS transition adjustments	-	(2,581,334)
Tax rate change effect	-	(24,684)
Temporary differences between the accounting value and the taxable value	(777)	
Tax credits	(146,063)	-
Effects on equity:		
Fair value of derivative financial instruments	-	(89,923)
Closing balance	1,573,715	2,578,268

As of 31 December 2015 and 2014, there are no situations generating deferred tax liabilities.

The detail of the deferred tax assets as of 31 December 2015 and 2014, in accordance with the nature of timing differences that generated them, is as follows:

	31.12.2015	31.12.2014
Temporary differences between the accounting value and the taxable value	-	777
Provision and impairment losses not accepted for tax purposes	252,148	283,871
Tax losses carried forward	1,321,567	2,147,557
Tax credits	-	146,063
	<u>1,573,715</u>	<u>2,578,268</u>

During the year ended as of 31 December 2010, due to changes in tax legislation, deferred tax assets relating to the change in the accounting standards of the standalone accounts (from the cost model to the fair value model) regarding the valuation of financial instruments recorded at fair value through profit and loss were recognized. These amounts can be recognized on a straight line and continuous basis for five years (until 31 December 2014) and the amount used in the year ended as of 31 December 2014 amounted to 2,581,334 Euro.

During the year ended as of 31 December 2013, the Company appealed to the Administrative Arbitrage Center (CAAD) a legal action in order to have recognized the right to the full deduction, for tax purposes, of the fair value losses cleared regarding financial instruments recorded at fair value through profit and loss. The decision was favourable to the Company which led to the recognition of deferred tax assets in excess to those initially recognized, thus originating the following effects that were entirely used in the year ended as of 31 December 2014:

<u>Tax effect of the IFRS transition adjustments</u>	
Balance as of December 31, 2012	<u>3,085,659</u>
Increase due to CAAD decision	2,525,938
2013 utilization	(2,805,799)
Tax rate change effect	(224,464)
Balance as of December 31, 2013	<u>2,581,334</u>
2014 utilization	(2,581,334)
Balance as of December 31, 2014	<u>-</u>

In accordance with the tax returns of the companies that record deferred tax assets related with tax losses carried forward, as of 31 December 2015 these may be detailed as follows:

	<u>Tax losses</u>	<u>Expiry date</u>
Generated in 2013	647,824	2018
Generated in 2014	5,645,348	2026
	<u>6,293,171</u>	

Extraordinary Investment Tax Credit (CFEI)

The tax credits obtained in past years relate to Extraordinary Investment Tax Credit (CFEI) and its expiry date was until 2018.

Following the approval of the Extraordinary Investment Tax Credit (CFEI) by Decree-law 29/2013 of July 16, the Group benefited from a tax credit which corresponds to a deduction to the taxable income in the amount of 20% of the investment expenses in assets allocated to operations incurred between 1 June 2013 and 31 December 2013. The deduction recorded in the income tax computation of the year 2013, until the limit of 70% of this tax collection, amounted to 146,063 Euro, having been used during the fiscal year of 2015.

Current taxes

Income taxes recorded in the income statement during the years ended as of 31 December 2015 and 2014 are detailed as follows:

	31.12.2015	31.12.2014
<u>Curent Tax</u>	<u>2,311,410</u>	<u>1,614,451</u>
Income tax for the year	1,432,978	1,414,119
(Excess)/Insufficiency of prior years income tax	(221,568)	(135,234)
Restitution of income tax unduly collected in previous years	-	(1,514,434)
Provision for tax claims (Note 21)	1,100,000	1,850,000
<u>Deferred taxes</u>	<u>1,004,553</u>	<u>2,029,512</u>
Tax effect of the IFRS transition adjustments	-	2,581,334
Increase/(Decrease) in provisions not accepted for tax purposes	31,723	628,672
Increase/(Decrease) in tax losses carried forward	825,990	(1,180,494)
Tax credit	146,063	-
Temporary differences between the accounting value and the taxable value	777	-
	<u>3,315,963</u>	<u>3,643,963</u>

The reconciliation of profit before income tax and the income tax for the years ended as of 31 December 2015 and 2014 is as follows:

	31.12.2015	31.12.2014
Profit before income tax	8,377,189	9,892,340
Income tax rate (including the maximum municipal income tax rate)	22.50%	24.50%
	<u>1,884,868</u>	<u>2,423,623</u>
Restitution of income tax unduly paid in previous years	-	(1,514,434)
Correction of income tax estimates of previous years	(221,568)	(135,234)
Provision for tax claims (Note 21)	1,100,000	1,850,000
Municipal income tax	147,330	290,422
Autonomous taxation	244,655	381,766
Income tax rate change effect	-	24,684
Application of the equity method	(6,126)	(118,151)
Reversal of deferred tax assets	-	402,071
Other effects	166,804	39,216
Income tax	<u>3,315,963</u>	<u>3,643,963</u>

Under the adherence 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 31 December 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 to the Tax Authorities the offset of part of the amounts challenged related with that inspection with credits that the Group had over the Tax Authorities (regarding Income Tax administrative and judicial appeals), having obtained, in the year ended as of 31 December 2014, the approval of such requirement in the amount of, approximately, 5,700,000 Euro. Consequently, the amount of the unresolved contingency, as of 31 December 2015 is, approximately 12,500,000 Euro.

In order to cope with these disputes, the Group recorded provisions (Note 21), which correspond to the best estimate made by the Board of Directors, supported by their legal and tax advisors, of the impact that might result from the ongoing tax claims.

11. INVENTORIES

As of 31 December 2015 and 2014 the caption “Inventories” was as follows:

	31.12.2015	31.12.2014
Raw, subsidiary and consumable material	2,039,327	1,920,929
Impairment losses in inventories (Note 21)	(48,037)	(48,038)
	<u>1,991,290</u>	<u>1,872,891</u>

Inventories essentially include paper used for printing newspapers and magazines.

The cost of sales for the years ended as of 31 December 2015 and 2014 can be detailed as follows:

	31.12.2015	31.12.2014
Opening balance	1,920,929	2,299,164
Purchases	12,876,079	14,384,205
Closing balance	<u>(2,039,327)</u>	<u>(1,920,929)</u>
	<u>12,757,681</u>	<u>14,762,440</u>

12. CUSTOMERS

As of 31 December 2015 and 2014 this caption can be detailed as follows:

	31.12.2015	31.12.2014
Customers, current accounts	9,712,319	9,088,161
Customers, doubtful accounts	2,699,464	3,068,919
	<u>12,411,783</u>	<u>12,157,080</u>
Accumulated impairment losses (Note 21)	<u>(2,699,464)</u>	<u>(3,068,919)</u>
	<u>9,712,319</u>	<u>9,088,161</u>

The Group's exposure to credit risk is mainly attributable to the accounts receivable resulting from the Group's operating activity. The amounts presented in the face of the statement of financial position are presented net of accumulated impairment losses, which were estimated by the Group in accordance with its experience and based on an economic environment evaluation. The Group records impairment losses for customer balances due over 180 days. The Board of Directors believes that the net carrying amount of accounts receivable from customers is close to its fair value.

As of 31 December 2015 and 2014, the customers ageing of balances can be detailed (by business segment) as follows:

	Customers					
	31.12.2015			31.12.2014		
	Newspapers	Magazines	Total	Newspapers	Magazines	Total
Not due	5,205,920	717,716	5,923,636	5,195,880	784,788	5,980,668
Due with no impairment recorded						
0 - 90 days	1,989,985	376,695	2,366,680	1,553,241	385,108	1,938,349
90 - 180 days	255,345	18,577	273,922	289,013	45,982	334,995
180 - 360 days	71,251	22,580	93,831	78,952	5,965	84,917
+ 360 days	383,187	8,731	391,918	-	28,142	28,142
	<u>2,699,768</u>	<u>426,583</u>	<u>3,126,351</u>	<u>1,921,206</u>	<u>465,197</u>	<u>2,386,403</u>
Swap accounts receivable						
No impairment	574,018	88,314	662,332	639,882	81,208	721,090
Total	<u>8,479,706</u>	<u>1,232,613</u>	<u>9,712,319</u>	<u>7,756,968</u>	<u>1,331,193</u>	<u>9,088,161</u>

The amounts recorded as “Swap accounts receivable” relate to balances receivable from exchange (swap) operations (amounts arising from the sale of advertising in exchange for other goods and services provided by the counterparty), for which there are also accounts payable under the caption “Suppliers” (Note 23).

For the overdue amounts for which there is no impairment loss recorded, the Group considers that there has been no loss in the credit quality of the counterparty, and therefore there is no credit risk.

The average credit period granted to customers depends on the type of sale/service. In accordance with procedures agreed with the distribution company, the amounts related to sale of publications are collected in the day the invoice is issued. In relation to services rendered (mainly the sale of advertising), the Company grants a credit period between 15 to 60 days (the same period as in 2014). The Group charges no interests for undue invoices. After the due date, the Company charges interests defined contractually, and in accordance with the applicable legislation, which usually only occurs under extreme conditions.

13. STATE AND OTHER PUBLIC ENTITIES

As of 31 December 2015 and 2014 these assets and liabilities had the following composition:

	31.12.2015	31.12.2014
<u>Debtor balances:</u>		
Corporate income tax	905,271	891,228
Value added tax	-	46,010
Other	4	8,226
	<u>905,275</u>	<u>945,464</u>
	31.12.2015	31.12.2014
<u>Creditor balances:</u>		
Corporate income tax	888,366	619,015
Value added tax	1,137,835	1,193,654
Personal income tax	510,397	572,862
Social security contributions	624,046	632,895
Other	131,498	46,912
	<u>3,292,142</u>	<u>3,065,338</u>

The liabilities caption "Corporate income tax" includes advance payments and withholdings performed by third parties, net of the estimated income tax for the period (Note 10).

14. OTHER DEBTORS

As of 31 December 2015 and 2014 this caption can be detailed as follows:

	31.12.2015		31.12.2014	
	Current	Non-current	Current	Non-current
Advances to trade creditors	120,123	350,000	208,752	350,000
Other debtors	717,465	-	548,882	-
	<u>837,588</u>	<u>350,000</u>	<u>757,634</u>	<u>350,000</u>
Accumulated impairment losses in other debtors (Note 21)	(445,086)	-	(445,086)	-
	<u>392,502</u>	<u>350,000</u>	<u>312,548</u>	<u>350,000</u>

The non-current caption “Advances to trade creditors” refers to advance payments of printing services which will be rendered in future years and which reimbursement plan extends until 2022.

As of 31 December 2015 and 2014, the ageing of balances of "Other debtors" can be detailed as follows:

	31.12.2015			31.12.2014		
	Advances to trade creditors	Other debtors	Total	Advances to trade creditors	Other debtors	Total
Not due	470,123	272,379	742,502	558,752	103,796	662,548
Due with no impairment recorded						
0 - 90 days	-	-	-	-	-	-
90 - 180 days	-	-	-	-	-	-
180 - 360 days	-	-	-	-	-	-
+ 360 days	-	-	-	-	-	-
Total	470,123	272,379	742,502	558,752	103,796	662,548

The amounts presented in the consolidated statement of financial position are net of accumulated impairment losses estimated by the Group, in accordance with its experience and based on an economic environment evaluation. The Group records impairment losses for other debtors' balances due over 180 days.

15. OTHER CURRENT AND NON-CURRENT ASSETS

As of 31 December 2015 and 2014 this caption can be detailed as follows:

	31.12.2015	31.12.2014
OTHER NON-CURRENT ASSETS		
Deferred costs:		
Operating expenses paid in advance	1,592,676	-
	<u>1,592,676</u>	<u>-</u>
OTHER CURRENT ASSETS		
Accrued income:		
Newspapers and magazines to invoice	2,705,507	4,603,326
CMTV	424,988	426,985
Rappel	13,197	29,728
Other accrued income	56,728	466,969
Deferred costs:		
Operating expenses paid in advance	3,789,971	476,145
Charges related to subsequent year editions	909,864	943,288
Other deferred income	20,426	168,776
	<u>7,920,681</u>	<u>7,115,217</u>

Sales of magazines and newspapers are recorded in the period in which the publications are distributed. The newspapers are distributed on a daily basis and the magazines are distributed on a weekly, monthly or bimonthly basis. Those amounts not yet invoiced are included in the caption "Newspapers and magazines to invoice".

CMTV's caption relates to the amount to invoice regarding broadcasting rights for the years of 2015 and 2014.

16. CASH AND CASH EQUIVALENTS

As of 31 December 2015 and 2014, the caption “Cash and cash equivalents” can be detailed as follows:

	<u>31.12.2015</u>	<u>31.12.2014</u>
Cash	66,058	59,202
Bank deposits repayable on demand	8,127,522	9,299,790
Bank deposits repayable in less than 3 months	-	3,300,000
	<u>8,193,580</u>	<u>12,658,992</u>
Bank overdrafts (Note 18)	-	(4,732,462)
Cash and cash equivalents in accordance with the balance sheet	<u>8,193,580</u>	<u>7,926,530</u>

During the year ended as of 31 December 2015 the payments relating to financial investments were as follows:

<u>Acquisitions</u>	<u>% acquired</u>	<u>Transaction amount</u>	<u>Amount paid</u>
Adcom Media - Anúncios e Publicidade, S.A.	20.00%	2,287,344	1,108,483
Metronews - Publicações, S.A.	41.00%	942,237	456,623
BUZ Participações, Ltda.	100.00%	16,637	8,062
Gratuitgadget - SGPS, Lda.	100.00%	3,781	1,832
Destak Brasil - Empreendimentos e Participações, S.A.	5.98%	1	-
		<u>3,250,000</u>	<u>1,575,000</u>

During the year ended as of 31 December 2014 the payments relating to financial investments were as follows:

<u>Acquisitions</u>	<u>% acquired</u>	<u>Transaction amount</u>	<u>Amount paid</u>
Adcom Media - Anúncios e Publicidade, S.A.	20.00%	2,287,344	1,178,861
Metronews - Publicações, S.A.	41.00%	942,237	485,614
BUZ Participações, Ltda.	100.00%	16,637	8,575
Gratuitgadget - SGPS, Lda.	100.00%	3,781	1,949
Destak Brasil - Empreendimentos e Participações, S.A.	5.98%	1	1
		<u>3,250,000</u>	<u>1,675,000</u>

During 2015 the associated company VASP reduced its share capital in the amount of 2,297,000 Euro. Additionally, it distributed dividends to its shareholders in the amount of 702,300 Euro. As the Group maintains 33% in the share capital of this associated company, the amount of 765,900 Euro related with the capital reduction and the amount of 234,100 Euro related with the dividends (420,000 Euro in the fiscal year ended as of 31 December 2014) were received.

17. SHARE CAPITAL AND RESERVESShare capital

As of 31 December 2015, the Company's fully subscribed and paid up capital consisted of 102,565,836 shares without nominal value. As of that date, Cofina, SGPS, S.A. and the Group companies did not hold own shares.

ReservesShare premium

Share premium is related with premiums obtained with share capital issuance or share capital increases. In accordance with the Portuguese commercial legislation, the amounts included in this caption follow the same regime as the "Legal reserve", i.e., the amounts are not distributable, unless in situations of insolvency, but can be used to absorb losses after the other reserves have been used, and for inclusion in the share capital.

Legal Reserve

The Portuguese commercial legislation provides that at least 5% of the annual net profit must be used to reinforce the "Legal reserve" until this caption represents at least 20% of the share capital. This reserve is not distributable but can be used to absorb losses after every other reserves have been used, and for inclusion in the share capital.

Under Portuguese legislation, the amount of distributable reserves is determined based on the non-consolidated financial statements of the Company, prepared in accordance with the International Financial Reporting Standards (IAS/IFRS), as adopted by the European Union.

18. BANK AND OTHER LOANS

As of 31 December 2015 and 2014, the caption "Bank loans" was as follows:

	31.12.2015				31.12.2014			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bank overdrafts (Note 16)	-	-	-	-	4,732,462	-	4,732,462	-
Bank loans	-	-	-	-	-	-	-	-
	-	-	-	-	4,732,462	-	4,732,462	-

As of 31 December 2015 and 2014, the caption "Other loans" was as follows:

	31.12.2015				31.12.2014			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bond loans	-	49,521,018	-	50,000,000	-	49,274,676	-	50,000,000
Commercial paper	17,989,994	-	18,000,000	-	23,496,752	-	23,500,000	-
	17,989,994	49,521,018	18,000,000	50,000,000	23,496,752	49,274,676	23,500,000	50,000,000

Bond loans

As of 31 December 2015, this caption relates to a loan denominated "Bonds Cofina SGPS - 2013/2019", whose nominal value amounts to 50 million Euro, issued by Cofina SGPS, S.A. and which book value, valued in accordance with the effective interest rate method, amounts to 49,521,018 Euro. This loan, according to its terms, matures on September 28, 2019.

The main features of this loan are as follows:

i) Cofina, SGPS, S.A.:

- Issuer – Cofina, SGPS, S.A.;
- Nominal value – 50,000,000 Euros;
- Subscription date – September 27, 2013;
- Maturity – September 28, 2019;
- Reimbursement – at par, on interest payment dates, in three equal instalments, 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%.

Commercial paper

The liability caption “Commercial paper” relates to two commercial paper programs, in the maximum amounts of 15,000,000 Euro and 12,000,000 Euro, with guaranteed subscription by the banks. These commercial paper programs mature in July 2016 and September 2016, respectively.

As of 31 December 2015, the credit facilities used by the Group and the corresponding maximum amounts authorized were as follows:

Nature	Maturity	Authorized amount	Used amount	Available amount
Cash pooling / Overdraft	n/a	16,500,000	-	16,500,000
Current account facility	n/a	8,000,000	-	8,000,000
Commercial paper	07-07-2016	15,000,000	6,000,000	9,000,000
Commercial paper	25-09-2016	12,000,000	12,000,000	-
Commercial paper	31-03-2017	5,000,000	-	5,000,000
Commercial paper	30-11-2018	5,000,000	-	5,000,000
Commercial paper	31-07-2019	5,000,000	-	5,000,000
Commercial paper	30-04-2020	7,000,000	-	7,000,000
Bond loan 2013/2019	28-09-2019	50,000,000	50,000,000	-
		<u>123,500,000</u>	<u>68,000,000</u>	<u>55,500,000</u>

During the year ended as of 31 December 2015, these loans borne interest indexed to Euribor, plus spreads ranging between 1.50% and 3.80%, depending on the nature and term of the credit obtained.

The nominal value of the bond loans (capital and interests) is repayable in accordance with the following plan:

Year	Principal	Interest
2016	-	1,928,570
2017	16,666,667	1,767,856
2018	16,666,667	1,124,999
2019	16,666,666	482,142
Total	<u>50,000,000</u>	<u>5,303,567</u>

During the years ended as of 31 December 2015 and 2014 the Group did not enter into any loan default.

Sensitivity analysis to interest rate changes

In the years ended as of 31 December 2015 and 2014 the Group's sensitivity to changes in the interest rate of plus or minus 1 percentage point, measured as the change in financial results, can be analyzed as follows:

	<u>31.12.2015</u>	<u>31.12.2014</u>
	Without the hedging derivative financial instruments effect	Without the hedging derivative financial instruments effect
Interest (Note 29)	2,445,210	3,386,982
Decrease of 1 p.p. interest rate applied to the entire indebtedness	(680,000)	(782,325)
Increase of 1 p.p. interest rate applied to the entire indebtedness	680,000	782,325

The sensitivity analysis above was calculated based on the exposure to the interest rate existing as of the statement of financial position date. This analysis considered as a basic assumption that the structure of financing (remunerated assets and liabilities) has remained stable throughout the year and similar to that presented as of 31 December 2015.

19. PENSION LIABILITIES

As of 31 December 2013, responsibilities related to retirement pensions granted to some of its employees were recorded based on the interpretation of certain labor legislation. In accordance with actuarial calculations performed by an expert and independent entity, the value of the Company's responsibilities, as of 31 December 2013, amounted to 459,894 Euro, fully provisioned. During the year ended as of 31 December 2014, as a result of a reassessment of the enforceability of those responsibilities, through the support of a legal opinion from the Group's legal advisors, it was concluded that those same responsibilities would not be required and, as such, the provision recorded was fully reversed (Nota 21).

20. LEASINGFinance leases

As of 31 December 2015 and 2014, the amounts payable to fixed asset suppliers in relation to financial lease contracts were classified in the captions "Other non-current creditors" and "Other current creditors" and had the following reimbursement plan:

	<u>31.12.2015</u>	<u>31.12.2014</u>
2016	-	30,844
2017	15,090	14,236
	<u>15,090</u>	<u>45,080</u>
Short term (Note 24)	28,472	42,742
	<u>43,562</u>	<u>87,822</u>

Operating leases

In 2013, the company celebrated a lease contract relating to the Group's new headquarters building in Lisbon. Under this contract, the annual amount of the rent amounts to 1,591,160 Euros and has a duration of 15 years, automatically renewable for successive periods of 5 years. This contract may be cancelled as from the tenth year by the Company and by the lessor without any need for justification and with a minimum of 120 days and two years notice, respectively.

NOTES TO THE CONSOLIDATEDFINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

(Translation of a report originally issued in Portuguese – Note 37)

(Amounts expressed in Euro)

21. MOVEMENTS IN PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses for the years ended as of 31 December 2015 and 2014 may be detailed as follows:

31.12.2015					
	Provisions	Pension liabilities (Note 19)	Impairment losses in investments (Note 4)	Impairment losses in inventories (Note 11)	Impairment losses in accounts receivable (Notes 12 and 14)
Opening balance	10,320,480	-	316,439	48,038	3,514,005
Increases	2,207,046	-	-	-	-
Reversals	(42,431)	-	-	-	(14,663)
Utilisations	(1)	-	-	(1)	(354,792)
Closing balance	12,485,094	-	316,439	48,037	3,144,550

31.12.2014					
	Provisions	Pension liabilities (Note 19)	Impairment losses in investments (Note 4)	Impairment losses in inventories (Note 11)	Impairment losses in accounts receivable (Notes 12 and 14)
Opening balance	8,502,480	459,894	1,103,977	48,038	3,501,430
Increases	1,850,000	-	-	-	614,866
Reversals	-	(459,894)	-	-	(309,432)
Utilisations	(32,000)	-	(787,538)	-	(292,859)
Closing balance	10,320,480	-	316,439	48,038	3,514,005

As of 31 December 2015 and 2014 the caption "Provisions and impairment losses" in the income statement can be detailed as follows:

	31.12.2015	31.12.2014
<u>Provisions and impairment losses</u>		
Increase/(decrease) in account receivables' impairment losses (Notes 12 and 14)	(14,663)	305,434
Increase/(decrease) of provisions	(42,431)	-
Goodwill impairment losses (Note 6)	-	1,658,968
	<u>(57,094)</u>	<u>1,964,402</u>
<u>Financial expenses</u>		
Increase / (decrease) for financial investments impairment (Note 29)	1,107,046	-
<u>Income tax</u>		
Increase / (decrease) of tax claims (Note 10)	1,100,000	-
	<u>2,149,952</u>	<u>1,964,402</u>

The liability's caption "Provisions" includes a provision for (i) future taxes, recorded against the income statement "Income Tax" (Note 10), in the current year and previous years, (ii) provisions for financial investments and for (iii) legal proceedings against the Group for which the outcome is uncertain, which corresponds to the best estimate made by the Board of Directors, supported by their legal and tax advisors, of the impact that might result from the ongoing tax claims.

22. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments recorded in the financial statements as of 31 December 2013 corresponded to interest rate swaps related with loans to finance the Group. Since these derivative instruments complied with the requirements set by IAS 39 – Financial Instruments: Recognition and Measurement, to be classified as hedging instruments, the respective fair value was recorded under the equity caption "Other reserves", net of deferred taxes.

The movement in these derivative instruments for the years ended as of 31 December 2014 can be presented as follows:

	31.12.2014				Net amount
	"Market-to-market"	Accrued interest	"Market-to-market", net of accrued interest	Deferred tax assets	
Opening balance	495,474	(128,442)	367,032	89,923	277,111
Increases / (decreases)	(495,474)	N/A	(367,032)	(89,923)	(277,111)
Closing balance	-	-	-	-	-

As of December 31, 2015, there are no derivative financial instruments held by the Group.

During the year ended as of 31 December 2014 the amount of 371,314 Euro related with accrued interests that result from the difference between the hedged fixed interest rate and the index base engaged were recorded under the caption "interests related with derivatives".

23. SUPPLIERS

As of 31 December 2015 and 2014 this caption could be presented, taking into consideration its maturity, as follows:

	31.12.2015	No deadline (a)	Payable in		
			Less than 3 months	3 to 6 months	More than 6 months
Trade creditors and other commercial liabilities	12,467,270	448,951	12,018,319	-	-
	<u>12,467,270</u>	<u>448,951</u>	<u>12,018,319</u>	<u>-</u>	<u>-</u>

	31.12.2014	No deadline (a)	Payable in		
			Less than 3 months	3 to 6 months	More than 6 months
Trade creditors and other commercial liabilities	9,158,181	797,811	8,360,370	-	-
	<u>9,158,181</u>	<u>797,811</u>	<u>8,360,370</u>	<u>-</u>	<u>-</u>

(a) – amounts included in the column "No deadline" relate to exchange transactions with entities that are also customers (Note 12). As such, there is no pre-determined settlement date.

24. OTHER CURRENT AND NON CURRENT CREDITORS

As of 31 December 2015 and 2014 this caption was as follows:

<u>Other non-current creditors</u>	31.12.2015	31.12.2014
Creditors by leasing responsibilities (Note 20)	15,090	45,080
	<u>15,090</u>	<u>45,080</u>

<u>Other current creditors</u>	<u>31.12.2015</u>	<u>31.12.2014</u>
Creditors by leasing responsibilities (Note 20)	28,472	42,742
Other creditors:		
Creditors by acquisition of financial investments	-	1,575,000
Payroll	90,617	152,054
Exchanges with public entities	252,907	255,487
Subscriptions	229,414	226,368
Loans from related entities (Note 28)	322,623	446,237
Others	1,566,546	2,649,070
	<u>2,490,579</u>	<u>5,346,958</u>

With the exception of the amounts related with financial leasing responsibilities, whose reimbursement plan is presented in Note 20, the remaining amounts under the caption "Other current creditors" as of 31 December 2015 and 2014 have its maturity in less than 6 months. The amount included in the caption "Loans from related entities" refers to a loan from Destak Brasil – Empreendimentos e Participações S.A. to Adcom Media – Anúncios e Publicidade, S.A..

25. OTHER CURRENT LIABILITIES

As of 31 December 2015 and 2014, this caption was as follows:

	<u>31.12.2015</u>	<u>31.12.2014</u>
Accrued costs:		
Accrued payroll	3,639,874	3,790,784
Commissions payable	848,393	903,070
Rappel	1,814,742	2,003,372
Supplies and external services	1,070,936	1,080,830
Other	89,199	342,777
Deferred income:		
Deferred income from alternative marketing	658,834	575,333
Other	298,144	93,404
	<u>8,420,122</u>	<u>8,789,570</u>

26. SALES, SERVICES RENDERED AND OTHER OPERATING INCOME

"Sales" for the years ended as of 31 December 2015 and 2014 are mainly related to newspaper and magazines sales, including a small portion of income related to the sale of printing paper.

The caption "Services rendered" relates to sales of advertising in the Group's publications, net of the discounts granted.

The amounts arising from alternative marketing products are sold with the Group's publications and television broadcasting rights of CMTV are recorded in the caption "Other income".

27. SUPPLIES AND SERVICES

As of 31 December 2015 and 2014, this caption was as follows:

	31.12.2015	31.12.2014
Advertising	13,890,730	14,326,897
Specialized services	8,396,209	8,694,271
Subcontracts	5,869,764	5,790,431
Rents	3,485,260	3,706,914
Fees	2,898,675	3,140,911
Travel and lodging	1,666,996	1,738,616
Communication	1,186,484	1,208,918
Royalties	721,137	697,462
Others	3,047,636	1,842,688
	<u>41,162,891</u>	<u>41,147,108</u>

28. PERSONNEL COSTS

As of 31 December 2015 and 2014, this caption was as follows:

	31.12.2015	31.12.2014
Personnel remunerations	25,416,435	25,255,578
Indemnities	61,848	85,405
Charges on salaries	5,473,521	5,587,494
Insurance	270,386	406,461
Social expenses	24,507	27,817
Others	246,825	283,649
	<u>31,493,522</u>	<u>31,646,404</u>

29. FINANCIAL RESULTS

The financial income and expenses for the years ended as of 31 December 2015 and 2014 are as follows:

	31.12.2015	31.12.2014
<u>Financial expenses</u>		
Interest paid	(2,445,210)	(3,386,982)
Interest related with derivatives	-	(371,314)
Commissions	(547,093)	(644,562)
Other financial expenses	(125,311)	(40,439)
<u>Gains and losses in associated companies (Note 21)</u>	<u>(1,107,046)</u>	<u>-</u>
Losses arising from the application of the equity method (Note 4)	(272,795)	-
Provisions for financial investments	(834,251)	-
	<u>(4,224,660)</u>	<u>(4,443,297)</u>
<u>Financial income</u>		
Interest received	7,336	201,977
Other financial income	203,695	335,030
<u>Gains and losses in associated companies</u>	<u>243,212</u>	<u>482,247</u>
Gains arising from the application of the equity method (Note 4)	243,212	482,247
	<u>454,243</u>	<u>1,019,254</u>

30. RELATED PARTIESCommercial transactions

The Group companies have relations with each other that are qualified as transactions with related parties. All of these transactions are made on an arms-length basis.

During the consolidating procedures, these transactions are eliminated, since the consolidated financial statements disclose information regarding the holding company and its subsidiaries as one single company.

The main balances with related parties as of 31 December 2015 and 2014 and the main transactions with related entities during the years then ended may be detailed as follows:

31.12.2015			
Transactions	Sales and other income	Services rendered	Acquisition of goods and services
Associated entities (a)	56,512,645	3,458,589	354,183
Other related entities (b)	-	-	1,656,000
	<u>56,512,645</u>	<u>3,458,589</u>	<u>2,010,183</u>
Balances	Accounts receivable	Accounts Payable	Sales to invoice
Associated entities (a)	781,529	554,068	4,298,183
Other related entities (b)	-	2,955,637	-
	<u>781,529</u>	<u>3,509,705</u>	<u>4,298,183</u>
31.12.2014			
Transactions	Sales and other income	Services rendered	Acquisition of goods and services
Associated entities (a)	57,250,268	3,967,358	517,027
Other related entities (b)	-	-	1,665,614
	<u>57,250,268</u>	<u>3,967,358</u>	<u>2,182,641</u>
Balances	Accounts receivable	Accounts Payable	Sales to invoice
Associated entities (a)	1,003,500	597,033	4,603,326
	<u>1,003,500</u>	<u>597,033</u>	<u>4,603,326</u>

(a) All entities consolidated by the equity method on December 31, 2015 and 2014 as described in Note 2.2 b);

(b) The companies described below were considered to be other related entities.

Sales and other income carried out with associated companies during the years ended as of 31 December 2015 and 2014 relate to sales of publications (newspapers and magazines) and marketing alternative products to VASP (Note 4), which handles the corresponding distribution to the points of sale. These transactions are carried out under the normal activity of the Group.

Services rendered to associated companies during the year ended as of 31 December 2014 relate to sales of advertising of the subsidiary Adcom Media (Note 4).

Board of Directors remuneration

Compensations paid to the members of Cofina SGPS, S.A. Board of Directors during the year ended as of 31 December 2015 by the companies included in the consolidation by the full method, include only fixed remunerations and amount to 347,220 Euro.

Under article 3 of Law No. 28/2009, of June 19, the non-executive Directors Domingos José Vieira de Matos, Pedro Miguel Matos Borges de Oliveira and Ana Rebelo de Carvalho Menéres de Mendonça received, during the year 2014, 28,000 Euro, each, as a fixed compensation paid directly by Cofina SGPS, S.A..

There are no:

- Plans or incentive systems related with the attribution of shares to Board of Directors members;
- Compensations paid or payable to former Directors in relation to the termination of duties during the year;
- Supplementary pension regime or early retirement for Directors;
- Non-cash benefits considered as remuneration.

Related parties

Apart from the companies included in consolidation (Note 4), the entities considered to be related companies as of 31 December 2015, can be presented as follows:

- Actium Capital, SGPS, S.A.
- Alteria, SGPS, S.A.
- Altri Abastecimento de Madeira, S.A.
- Altri Florestal, S.A.
- Altri Sales, S.A.
- Altri, Participaciones Y Trading, S.L.
- Altri, SGPS, S.A.
- Caderno Azul, SGPS, S.A.
- Caima Energia – Empresa de Gestão e Exploração de Energia, S.A.
- Caima Indústria de Celulose, S.A.
- Captaraiz Unipessoal, Lda.
- Celtejo – Empresa de Celulose do Tejo, S.A.
- Celulose da Beira Industrial (Celbi), S.A.
- Cofihold, SGPS, S.A.
- Elege Valor, SGPS, S.A.
- F. Ramada II, Imobiliária, S.A.
- F. Ramada Investimentos, SGPS, S.A.
- Inflora – Sociedade de Investimentos Florestais, S.A.
- Jardins de França – Empreendimentos Imobiliários, S.A.
- Livrefluxo, SGPS, S.A.
- Malva – Gestão Imobiliária, S.A.
- Pedro Frutícola, Sociedade Frutícola, Lda.
- Préstimo – Prestígio Imobiliário, S.A.
- Promendo, SGPS, S.A.
- Ramada – Aços, S.A.
- Ramada Storax, S.A.
- Sociedade Imobiliária Porto Seguro – Investimentos Imobiliários, S.A.
- Storax, S.A.
- Storax Benelux, S.A.
- Storax Ltd.
- Storax España, S.L.
- Torres da Luz – Investimentos Imobiliários, S.A.
- Universal Afir, S.A.
- Valor Autêntico, SGPS, S.A.
- Viveiros do Furadouro Unipessoal, Lda.

Board of Directors

Cofina, SGPS, S.A. Board of Directors was composed as follows as of 31 December 2015:

Paulo Jorge dos Santos Fernandes
João Manuel Matos Borges de Oliveira
Domingos José Vieira de Matos
Pedro Miguel Matos Borges de Oliveira
Ana Rebelo de Carvalho Menéres de Mendonça

31. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As of 31 December 2015, Cofina Group had provided guarantees as follows:

- (a) Pledge of 112,268,150 shares of Cofina Media, S.A. in favour of the Portuguese Tax Authority (“Autoridade Tributária”) as a guarantee for the ongoing income tax claims (Note 21).

As of 31 December 2015, Cofina Media group companies had assumed responsibilities for guarantees granted amounting to 578,900 Euro in relation to advertising contests (329,109 Euro) and to ongoing tax processes (249,791 Euro).

Additionally, as of 31 December 2015, the Group had also given promissory notes to guarantee credit facilities amounting to 68,500,000 Euro.

32. EARNINGS PER SHARE

Earnings per share for the years ended as of 31 December 2015 and 2014 were calculated as follows:

	31.12.2015	31.12.2014
Net profit considered for the computation of basic and diluted earning	5,061,226	6,173,887
Weighted average number of shares used to compute the basic earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.05	0.06
Diluted	0.05	0.06

33. DIVIDENDS

In the year 2015 the Company distributed dividends amounting to 2,051,317 Euro relating to the year ended as of 31 December 2014.

In relation to year 2015, the Board of Directors proposes to pay a gross dividend of 0.015 Euro per share. This dividend is subject to shareholder's approval in the General Shareholders Meeting.

34. SEGMENT INFORMATION

The net operating income, indicating those related to transactions with other segments and those resulting from transactions with external entities may be presented as follows:

	Newspapers	Magazines	Total
31.12.2015			
Net operating income			
Resulting from operations with external customers	81,345,000	19,330,661	100,675,661
Resulting from operations with other segments	3,819,086	(3,819,086)	-
31.12.2014			
Net operating income			
Resulting from operations with external customers	84,573,998	21,503,476	106,077,474
Resulting from operations with other segments	5,934,886	(5,934,886)	-

The amounts related to operating cash-flow, amortization and depreciation and income before taxes and interests by segment, may be presented as follows:

	Newspapers	Magazines	Ajustamentos de Consolidação e eliminações	Total
31.12.2015				
Operating Cash-flow - EBITDA (a)	15,272,829	(233,073)	-	15,039,756
Amortisation and depreciation	2,861,658	30,492	-	2,892,150
Earnings before interest and taxes	12,411,171	(263,565)	-	12,147,606
31.12.2014				
Operating Cash-flow - EBITDA (a)	15,429,869	813,327	-	16,243,196
Amortisation and depreciation	2,885,150	41,663	-	2,926,813
Earnings before interest and taxes	12,544,719	771,664	-	13,316,383

(a) - Earnings before interest, taxes, depreciation and amortisation

35. NUMBER OF PERSONNEL

During the years ended as of 31 December 2015 and 2014, the average number of employees of the companies included in the consolidated financial statements by the full consolidation method was of 976 and 930, respectively.

36. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance on 24 March 2016. Its final approval is dependent on the agreement of the General Shareholders' Meeting.

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

NOTES TO THE CONSOLIDATED

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

(Translation of a report originally issued in Portuguese – Note 37)

(Amounts expressed in Euro)

37. 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) as adopted by the European Union, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

The Chartered Accountant

The Board of Directors

Paulo Jorge dos Santos Fernandes

João Manuel Matos Borges de Oliveira

Domingos José Vieira de Matos

Pedro Miguel Matos Borges de Oliveira

Ana Rebelo de Carvalho Menéres de Mendonça

STATUTORY AUDIT AND AUDITOR'S REPORT

December 31, 2015



STATUTORY AUDIT AND AUDITOR'S REPORT

(This is a translation of a report originally issued in Portuguese – Note 37)

Introduction

1. In compliance with the article 245º of the Portuguese Securities Market Code (*“Código dos Valores Mobiliários”*) we hereby present our Statutory Audit and Auditor's Report on the consolidated and individual financial information contained in the Board of Directors' Report and on the accompanying consolidated and individual financial statements as of 31 December 2015 of Cofina, S.G.P.S., S.A. (“Company”), which comprise the Consolidated and Individual Statements of Financial Position as of 31 December 2014 (that presents total net assets of 129,247,043 Euro and 165,965,063 Euro, respectively, and a consolidated and individual equity of 22,565,734 Euro and 86,563,937 Euro, respectively, including a consolidated net profit of 5,061,226 Euro and an individual net profit of 6,472,694 Euro, respectively), the Consolidated and Individual Statements of Profit and Loss, of Comprehensive Income, of Changes in Equity and of Cash-flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial statements that present a true and fair view of the financial position of the Company and the group of companies included in the consolidation, the consolidated and individual results of their operations, comprehensive income, changes in equity and their consolidated and individual cash-flows; (ii) the preparation of historical financial information in accordance with the International Financial Reporting Standards as adopted by the European Union and that is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of appropriate systems of internal control; and (iv) informing on any significant facts that have influenced the operations of the Company and of the group of companies included in the consolidation, their financial position or their results and comprehensive income.
3. Our responsibility is to examine the individual and consolidated financial information contained in the documents referred to above, including verifying that, in all material respects, the information is complete, true, up-to-date, clear, objective and licit, as required by the Securities Market Code, and to issue a professional and independent report based on our examination.

Scope

4. Our examination was performed in accordance with the Technical/Audit Standards (“*Normas Técnicas e as Directrizes de Revisão/Auditoria*”) issued by the Portuguese Institute of Statutory Auditors (“*Ordem dos Revisores Oficiais de Contas*”), which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Such an examination includes verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the estimates, based on judgments and criteria defined by the Board of Directors, used in their preparation. Such an examination also includes verifying the consolidation procedures, the application of the equity method and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting principles used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept, verifying the adequacy of the overall presentation of the consolidated and individual financial statements and assessing that, in all material respects, the consolidated financial information is complete, true, up-to-date, clear, objective and licit. Our examination also comprised verifying that the financial information contained in the Board of Directors’ Report is in accordance with the consolidated and individual financial statements, as well as the verifications established in numbers 4 and 5 of the article 451º of the Portuguese Company Law (“*Código das Sociedades Comerciais*”). We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly in all material respects, the consolidated and individual financial position of Cofina, S.G.P.S., S.A. and its subsidiaries as of 31 December 2015, the consolidated and individual results of their operations, the consolidated and individual comprehensive income, the changes in consolidated and individual equity and their consolidated and individual cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and the information contained therein is, in terms of the definitions included in the technical and audit standards referred to in paragraph 4 above, complete, true, up-to-date, clear, objective and licit.

Report on other legal requirements

6. It is also our opinion that the financial information included in the Board of Directors’ Report is in accordance with the consolidated and individual financial statements of the year and that the Corporate Governance Report includes the information required to the Company, as established by article 245º- A of the Securities Market Code.

Oporto, 24 March 2016

REPORT AND OPINION OF THE SUPERVISORY BOARD

December 31, 2015



REPORT AND OPINION OF THE STATUTORY AUDIT BOARD
(Translation of a report originally issued in Portuguese – Note 37)

To the Shareholders of
Cofina, SGPS, S.A.

1. Report

In compliance with the applicable legislation and our mandate, we hereby submit our Report and Opinion, which covers the Board of Director's Report and the individual and consolidated Financial Statements of Cofina, SGPS, S.A. ("Company") for the year ended 31 December 2015, which are the responsibility of the Company's Board of Directors.

During the year under analysis, the Statutory Audit Board accompanied the operations of the Company and its affiliates, the timely writing up of accounting records, compliance with statutory and legal requirements and the effectiveness of the risk management and internal control systems, having held meetings with the periodicity and length considered appropriate and having always obtained, from the Board of Directors and personnel of the Company and its affiliates, all the information and explanations required.

As part of its duties, the Statutory Audit Board examined the individual and consolidated statement of financial position as of 31 December 2015, the individual and consolidated statements of profit and loss, comprehensive income, cash flow, and changes in shareholders' funds for the year then ended, and the corresponding notes. Additionally, the Statutory Audit Board examined the Report of the Board of Directors for the year 2015, and fulfilled its duties concerning the review of the qualifications, independence and work of the Statutory Auditor, and reviewed the Statutory Audit and Auditor's Report and was in agreement with its content.

2. Opinion

Considering the above, in the opinion of the Statutory Audit Board, the Board of Director's Report and the individual and consolidated Financial Statements are in accordance with accounting, legal and statutory requirements and consequently may be approved by the General Shareholders' Meeting.

3. Statement of Responsibility

In accordance with paragraph a), number 1 of article 8 of the Regulation of CMVM 5/2008, the members of the Statutory Audit Board declare that, to their knowledge, the information contained in the Management Report and the individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, giving a true and fair view, in all material respects, of the assets and liabilities, financial position and the results of the Company and companies included in the consolidation perimeter as of 31 December 2015. Also it is their understanding that the Management Report faithfully describes the business evolution, performance and financial position of the Cofina, SGPS, S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

We wish to thank the Company's Board of Directors and the departments of the Company and its affiliates involved for the assistance provided to us.

Porto, 24 March 2016

The Statutory Audit Board

Pedro Pessanha
President of the Statutory Audit Board

André Seabra Ferreira Pinto
Member of the Statutory Audit Board

José Guilherme Barros Silva
Member of the Statutory Audit Board



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