

REPORT AND ACCOUNTS

30 June 2016

REPORT AND ACCOUNTS 1H2016

(This is a translation of a document originally issued in Portuguese.
In the event of discrepancies, the Portuguese language version prevails – Note 16)

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MANAGEMENT REPORT

30 June 2016



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I. Management Report

To the shareholders

Pursuant to the legal requirements, the Board of Directors of Cofina, S.G.P.S., S.A. (Open Capital Company) hereby presents its Report and Accounts for the first semester of 2016.

INTRODUCTION

The Media segment in Portugal continued to show some signs of recovery, although still tenuous.

In the first semester of 2016, the Group's revenue decreased when compared to the same period of 2015, although Cofina has kept its market leadership in the main media segment.

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STOCK EXCHANGE EVOLUTION

(Note: PSI 20 was considered as an index with the same initial market value as the stocks, under analysis, in order to enable a better comparison of the quotations variations.)

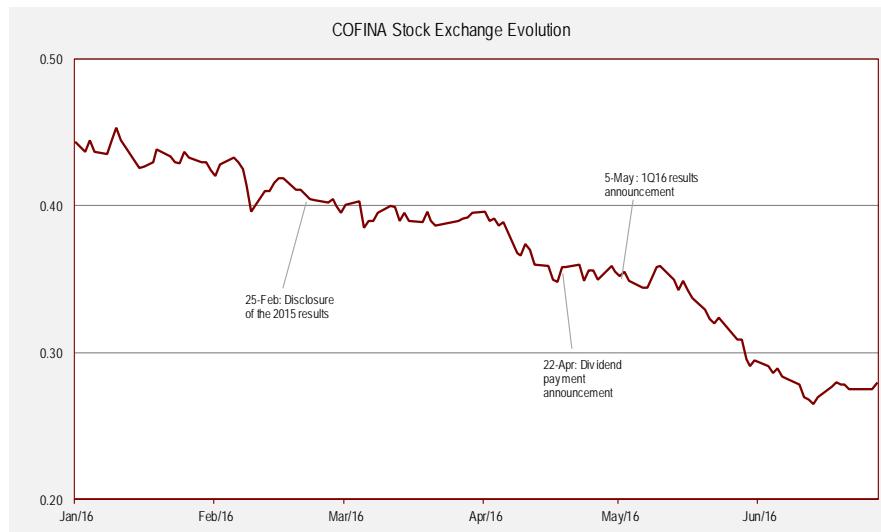
Cofina's shares recorded a decline of 37.3% in the first half of 2016, while the PSI-20 Index decreased 16.2% in the same period.



As of June 30 2016, Cofina's shares closing price was 0.279 Euro per share corresponding to a market capitalization of 28.6 million Euro.

In the first half of 2016, Cofina's shares were traded at the highest price of 0.453 Euro and at the lowest price of 0.265 Euro. In total, 6,573,940 shares were traded which represents 6.41% of the issued share capital.

The most significant events that affected Cofina's shares in the first semester of 2016 can be detailed as follows:



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- In the announcement relating to the Group's performance in 2015, disclosed on 25 February, Cofina presented a net consolidated profit of 5 million Euro. Operating income decreased 5.1% amounting to 100.7 million Euro and EBITDA stood at 15 million Euro. On this day the stocks closed at 0.405 Euro per share;
- In the announcement disclosed on 22 April, Cofina informed the market that the dividends for the year 2015, corresponding to 0.015 Euro per share, would be paid as from 11 May;
- On May 5 2016, the announcement relating the presentation of the financial statements for the first quarter of 2016, Cofina SGPS, S.A. presented an operating income of 22.6 million Euro, an EBITDA of 2.9 million Euro and a net consolidated profit of 1 million Euro (same as last year).

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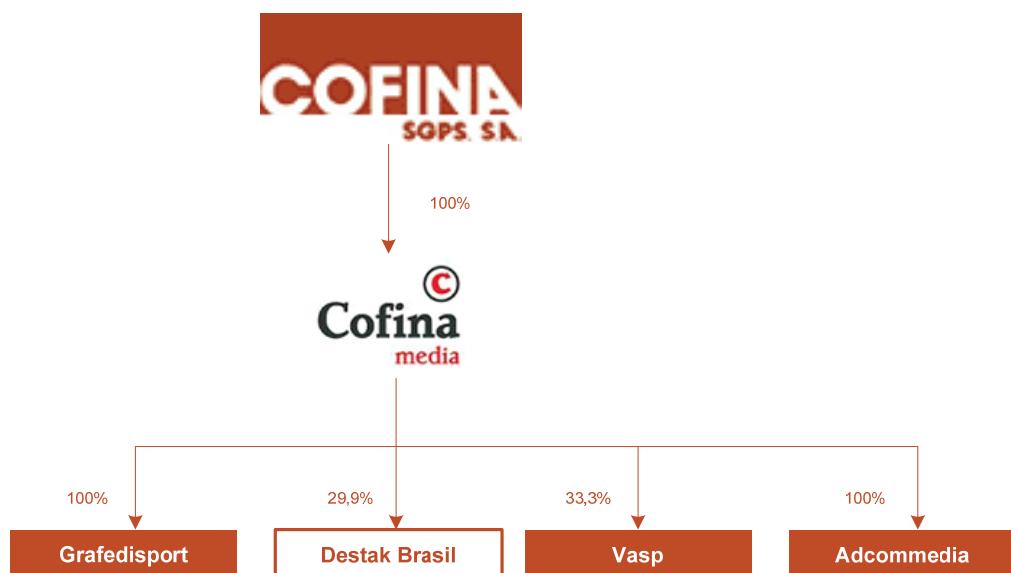
I. Management Report

COMPANY ACTIVITY

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

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

Cofina Group's complete structure of participations as of 30 June 2016 is as follows:



According to the data provided by APCT ("Associação Portuguesa para o Controlo de Tiragem e Circulação") for the first four months of 2016, "Correio da Manhã" is the most sold newspaper in Portugal, with an average of more than 98 thousand copies sold daily. According to the data provided by this certifying entity, "Correio da Manhã" has a market share of 52% (regarding the daily paid generic newspapers segment). "Correio da Manhã" has been keeping its leadership, year after year, despite the generalized decrease on paid circulation in other titles of the same segment.

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FINANCIAL REVIEW

The consolidated financial information of Cofina for the 1st half of 2016, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), can be presented as follows:

(amounts in thousand Euro)	1H 2016	1H 2015	Var (%) 1H16/1H15
Operating income	48,471	49,997	-3.1%
Circulation	25,329	25,896	-2.2%
Advertising	15,147	16,354	-7.4%
Alternative marketing products and others	7,995	7,747	3.2%
Operating income by segments	48,471	49,997	-3.1%
Newspapers	39,905	40,322	-1.0%
Magazines	8,566	9,675	-11.5%
Operating expenses (a)	42,030	43,141	-2.6%
Consolidated EBITDA (b)	6,441	6,856	-6.1%
EBITDA margin	13.3%	13.7%	-0.4 p.p.
Newspapers EBITDA	7,016	7,271	-3.5%
Newspapers EBITDA margin	17.6%	18.0%	+0.4 p.p.
Magazines EBITDA	-575	-415	-
Magazines EBITDA margin	-6.7%	-4.3%	-
Amortisation and depreciation (-)	1,265	1,442	-12.3%
EBIT	5,176	5,414	-4.4%
EBIT margin	10.7%	10.8%	-0.1 pp
Net financial income	(1,588)	(2,016)	-21.2%
Income before taxes and non-controlling interests	3,588	3,398	5.6%
Income taxes	1,248	1,095	14.0%
Net consolidated profit / loss (c)	2,340	2,303	1.6%

(a) Operating expenses excluding amortisation

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

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

The first semester of 2016 was characterized by a decrease of the advertising of 7% when compared with the homologous period of 2015 and by a decrease of the circulation revenue of about 2%. The revenue from alternative marketing products and others presented an increase of 3%. Therefore, the total revenue recorded a decrease of 3.1%, reaching 48.5 million Euro.

The item "Alternative marketing products and others" includes the revenue associated to the presence fee of the CMTV channel on MEO and NOS cable platforms.

EBITDA reached approximately 6.4 million Euro, representing a decrease of 6.1% compared to the same period of 2015.

Income before taxes recorded an increase of 5.6%, amounting to 3.6 million Euro. Net profit reached 2.3 million Euro, corresponding to an increase of 1.6%.

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I. Management Report

As of June 30, 2016, the nominal net debt of Cofina amounted to 58.6 million Euro, which corresponds to a decrease of about 2 million Euro in relation to the net debt recorded on March 31, 2016.

It should be noted that Cofina paid in May about 1.5 million Euro of dividends. Therefore, the free cash flow to equity generated during the second quarter of 2016 amounted to 3.5 million Euro, which translates (in relation to market capitalization of June 30th, 2016) into a free cash flow exceeding 12%.

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

Newspapers Segment:

(amounts in thousand Euro)	1H 2016	1H 2015	Var (%) 1H16/1H15
Operating income	39,905	40,322	-1.0%
Circulation	20,605	20,681	-0.4%
Advertising	12,567	13,371	-6.0%
Alternative marketing products and others	6,733	6,270	7.4%
Operating expenses (a)	32,889	33,051	-0.5%
Consolidated EBITDA (b)	7,016	7,271	-3.5%
EBITDA margin	17.6%	18.0%	-0.4 p.p.

(a) Operating expenses excluding amortisation

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

The newspapers segment of Cofina recorded, in the first semester of 2016, a total income of 39.9 million Euro, which represents a decrease of 1% when compared with the homologous period. The advertising income recorded a decrease of about 6% reaching 12.6 million Euro; the circulation income also had a slight decrease when compared to the same period of 2015 amounting to 20.6 million Euro; whilst the revenue from alternative marketing products and others recorded an increase of 7.4%, reaching approximately 6.7 million Euro.

Therefore, the EBITDA of the newspaper segment reached in the period under analysis amounted to 7 million Euro, a decrease of approximately 3.5%, when compared with the same period. The EBITDA margin amounted to 17.6%.

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Magazines Segment:

(amounts in thousand Euro)	1H 2016	1H 2015	Var (%) 1H16/1H15
Operating income	8,566	9,675	-11.5%
Circulation	4,724	5,215	-9.4%
Advertising	2,580	2,983	-13.5%
Alternative marketing products and others	1,262	1,477	-14.6%
Operating expenses (a)	9,141	10,090	-9.4%
Consolidated EBITDA (b)	-575	-415	-
EBITDA margin	-6.7%	-4.3%	-

(a) Operating expenses excluding amortisation

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

All items of revenue showed a negative performance. Cost control efforts did not avoid the worsening of the negative EBITDA, which amounted to -575 thousand Euro, compared with the negative EBITDA of the first half of 2015 of -415 thousand Euro.

It should be noted, however, that this segment has a strong seasonal component, which is visible in a historic peak in the last quarter of the year.

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I. Management Report

FUTURE OUTLOOK

The trend expected for the second semester of 2016 should be similar to the trend of the first half of the year, with the decrease of the circulation revenue and a difficult advertising investment environment.

However, the Company, besides continuing to implement a cost control program, is deepening its presence in segments with growth trends, such as the online and television, and a strengthening of the *Correio da Manhã* TV channel ratings is expected.

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I. Management Report

CORPORATE GOVERNANCE

In compliance with the legal requirements in force, the Company is exempted from presenting information regarding Corporate Governance, once this information is only mandatory upon presentation with the Annual Management Report. The Annual Report about Corporate Governance is an integral part of Cofina Annual Financial Statements for year 2015 and it is available on our website (www.cofina.pt).

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I. Management Report

LEGAL MATTERS

Own shares

Pursuant to the requirements of article 66 of the Commercial Companies Code ("Código das Sociedades Comerciais"), the Directors inform that as of 30 June 2016 Cofina had no own shares and did not acquire or sell own shares during the semester then ended.

Shares held by Cofina's corporate board members

Pursuant to the requirements of article 447 of the Commercial Companies Code ("Código das Sociedades Comerciais"), the Directors inform that, as of 30 June 2016, the shares they held were as follows:

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) – 13,386,332 shares represent the total shares of COFINA – SGPS, S.A. held by ACTIUM CAPITAL – SGPS, S.A. from which the Board Member Paulo Jorge dos Santos Fernandes is also director and dominant shareholder.

^(b) – 15,400,000 shares represent the total shares of Cofina held by INDAZ – SGPS, S.A. of which the Director João Manuel Matos Borges de Oliveira is also director.

^(c) – 12,395,257 shares represent the total shares of Cofina held by LIVRE FLUXO – SGPS, S.A., of which the Director Domingos José Vieira de Matos is also director and dominant shareholder.

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

As of 30 June 2016 the Statutory Auditor and the members of the Shareholders' Meeting and of the Statutory Audit Board held no shares of the Company.

REPORT AND ACCOUNTS 1H2016

I. Management Report

Company's share capital participations

Pursuant to the requirements of articles 16 and 20 of the Securities Code ("Código dos Valores Mobiliários") and article 448 of the Commercial Companies Code, the Company informs that, in accordance with the notifications received, the companies and/or individuals that hold qualified holdings exceeding 2%, 5%, 10%, 15%, 20%, 33% and 50% of the voting rights accordingly to the last received notifications until 30 June 2016, are as follows:

	Shares held as of 30 June 2016	% of voting rights
Santander Asset Management		
Through Santander's Acções Portugal Fund	2,069,459	2.02%
Through Santander's PPA Fund	107,964	0.11%
Total attributable	2,177,423	2.12%
GNB - International Management, S.A.		
Through NB's Portugal Equity Fund	2,096,227	2.04%
Through NB's Iberian Equity Fund	101,187	0.10%
Total attributable	2,197,414	2.14%
Credit Suisse Group AG		
Directly	5,039,060	4.91%
Total attributable	5,039,060	4.91%
Pedro Miguel Matos Borges de Oliveira		
Directly	7,719,360	7.53%
Total attributable	7,719,360	7.53%
Domingos José Vieira de Matos		
Through LivreFluxo - SGPS, S.A. (of which he is also director and dominant shareholder)	12,395,257	12.09%
Total attributable	12,395,257	12.09%
Paulo Jorge dos Santos Fernandes		
Through Actium Capital - SGPS, S.A. (of which he is also director and dominant shareholder)	13,386,332	13.05%
Total attributable	13,386,332	13.05%
João Manuel Matos Borges de Oliveira		
Through INDAZ, S.A. (of which he is also director)	15,400,000	15.01%
Total attributable	15,400,000	15.01%
Ana Rebelo Carvalho Menéres de Mendonça		
Through PROMENDO - SGPS, S.A. (of which she is also director and dominant shareholder)	20,488,760	19.98%
Total attributable	20,488,760	19.98%

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

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I. Management Report

CLOSING REMARKS

The Board of Directors concludes by expressing a vote of gratitude to all of the Group's Stakeholders, for the trust demonstrated in our organization. We would like to thank the External Auditor for the cooperation provided in the period and the Statutory Audit Board for the continued monitoring of our operations.

Oporto, 28 July 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

APPENDIX TO THE MANAGEMENT REPORT

30 June 2016



REPORT AND ACCOUNTS 1H2016

II. Appendix to the Management Report

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

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

DECLARATION OF RESPONSIBILITY

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

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

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

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II. Appendix to the Management Report

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 Officers, as well as people closely related, under the Article 248 B of the Securities Code, and transactions over these shares that took place on the period under analysis.

Members of the Board of Directors	Shares held at 31 December 2015	Aquisitions	Disposals	Shares held at 30 June 2016
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 INDAZ, 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

30 June 2016



REPORT AND ACCOUNTS 1H2016

III. Consolidated financial statements and notes (amounts stated in Euro)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2016 AND 31 DECEMBER 2015 (Translation of financial statements originally issued in Portuguese - Note 16) (Amounts expressed in Euro)

ASSETS	Notes	30.06.2016	31.12.2015
NON CURRENT ASSETS			
Tangible assets		3,705,643	4,466,425
Goodwill	5	89,102,496	88,789,577
Intangible assets		183,986	191,706
Investments in associated companies	4	3,096,344	3,141,284
Investments held for sale	4	136,530	9,080
Investments recorded at fair value through profit and loss		25,098	16,933
Other non current debtors		350,000	350,000
Other non current assets		796,338	1,592,676
Deferred tax assets		926,723	1,573,715
Total non current assets		98,323,158	100,131,396
CURRENT ASSETS			
Inventories		1,597,501	1,991,290
Customers		8,742,059	9,712,319
State and other public entities		891,852	905,275
Other current debtors		1,611,293	392,502
Other current assets		7,616,671	7,920,681
Cash and cash equivalents	7	3,129,923	8,193,580
Total current assets		23,589,299	29,115,647
TOTAL ASSETS		121,912,457	129,247,043
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	8	25,641,459	25,641,459
Share premium account		15,874,835	15,874,835
Legal reserve		5,409,144	5,409,144
Exchange conversion reserve		(743,957)	(1,234,642)
Other reserves		(24,663,549)	(28,186,288)
Consolidated net profit/(loss) for the period attributable to the parent company		2,340,153	5,061,226
Equity attributable to equityholder of the parent company		23,858,085	22,565,734
Non-controlling interests		-	-
TOTAL EQUITY		23,858,085	22,565,734
LIABILITIES			
NON CURRENT LIABILITIES			
Other loans	9	49,619,376	49,521,018
Other non current creditors		15,090	15,090
Provisions		12,611,459	12,485,094
Total non current liabilities		62,245,925	62,021,202
CURRENT LIABILITIES			
Other loans	9	11,711,666	17,989,994
Suppliers		9,140,357	12,467,270
State and other public entities		3,479,094	3,292,142
Other current creditors		4,182,726	2,490,579
Other current liabilities		7,294,604	8,420,122
Total current liabilities		35,808,447	44,660,107
TOTAL LIABILITIES		98,054,372	106,681,309
TOTAL EQUITY AND LIABILITIES		121,912,457	129,247,043

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2016

III. Consolidated financial statements and notes (amounts stated in Euro)

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURES
FOR THE SIX AND THREE MONTHS PERIOD ENDED AS OF 30 JUNE 2016 AND 2015
(Translation of financial statements originally issued in Portuguese - Note 16)
(Amounts expressed in Euro)

	Notes	30.06.2016	30.06.2015	2 nd quarter 2016	2 nd quarter 2015
Sales		25,328,997	25,896,089	12,684,062	13,220,794
Services rendered		15,147,150	16,354,009	8,735,787	9,168,382
Other operating income		7,994,996	7,747,414	4,466,899	4,183,357
Cost of sales		(6,264,976)	(6,372,993)	(3,359,468)	(3,180,883)
External supplies and services		(19,383,138)	(20,383,991)	(10,811,727)	(11,207,057)
Payroll expenses		(15,981,597)	(16,029,053)	(7,933,413)	(8,187,405)
Amortisation and depreciation		(1,265,011)	(1,442,309)	(632,501)	(721,147)
Provisions and impairment losses		(244,636)	(194,290)	(150,133)	(159,631)
Other operating expenses		(155,496)	(160,778)	(73,791)	(101,081)
Financial expenses	10	(1,594,647)	(2,018,420)	(839,883)	(1,171,106)
Financial income	10	6,353	2,101	(32,225)	1
Profit / (loss) before income tax		3,587,995	3,397,779	2,053,607	1,844,224
Income tax	6	(1,247,842)	(1,094,999)	(716,115)	(550,418)
Net consolidated profit / (loss) for the period		2,340,153	2,302,780	1,337,492	1,293,806
Attributable to:					
Shareholders of the parent company		2,340,153	2,302,780	1,337,492	1,294,885
Non-controlling interests		-	-	-	(1,079)
Earnings per share:					
Basic	13	0.02	0.02	0.01	0.01
Diluted	13	0.02	0.02	0.01	0.01

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

The Chartered Accountant

The Board of Directors

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III. Consolidated financial statements and notes

(amounts stated in Euro)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIODS ENDED AS OF 30 JUNE 2016 AND 2015
(Translation of financial statements originally issued in Portuguese - Note 16)
(Amounts expressed in Euro)

	Attributable to equity holders of the parent company								
	Share capital	Share premium account	Legal reserve	Exchange conversion reserves	Other reserves	Net profit / (loss)	Total	Non controlling interests	Total equity
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 result for 2014:									
Transfer to retained earnings	-	-	-	-	6,173,887	(6,173,887)	-	-	-
Dividends distributed	-	-	-	-	(2,051,317)	-	(2,051,317)	-	(2,051,317)
Changes in reserves and non-controlling interests:									
Other changes	-	-	-	-	150,706	-	150,706	(90,981)	59,725
Total comprehensive income									
for the six months period ended 30 June 2015				(193,596)	-	2,302,780	2,109,184	-	2,109,184
Balance as of 30 June 2015	25,641,459	15,874,835	5,409,144	(744,011)	(28,089,956)	2,302,780	20,394,251	-	20,394,251
Balance as of 1 January 2016	25,641,459	15,874,835	5,409,144	(1,234,642)	(28,186,288)	5,061,226	22,565,734	-	22,565,734
Appropriation of consolidated net result for 2015:									
Transfer to retained earnings	-	-	-	-	5,061,226	(5,061,226)	-	-	-
Dividends distributed	-	-	-	-	(1,538,487)	-	(1,538,487)	-	(1,538,487)
Total comprehensive income					490,685	-	2,340,153	2,830,838	2,830,838
for the six months period ended 30 June 2016					(743,957)	(24,663,549)	2,340,153	23,858,085	23,858,085
Balance as of 30 June 2016	25,641,459	15,874,835	5,409,144	(743,957)	(24,663,549)	2,340,153	23,858,085	-	23,858,085

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2016

III. Consolidated financial statements and notes (amounts stated in Euro)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX AND THREE MONTHS PERIODS ENDED AS OF 30 JUNE 2016 AND 2015 (Translation of financial statements originally issued in Portuguese - Note 16)

(Amounts expressed in Euro)

	<u>30.06.2016</u>	<u>30.06.2015</u>	<u>2nd quarter 2016</u>	<u>2nd quarter 2015</u>
Profit / (loss) for the period	2,340,153	2,302,780	1,337,492	1,293,806
Other comprehensive income:				
Items that will be reclassified to net income:				
Exchange differences on translation of foreign operations	490,685	(193,596)	372,237	(2,363)
Total comprehensive income for the period	<u>2,830,838</u>	<u>2,109,184</u>	<u>1,709,729</u>	<u>1,291,443</u>
Attributable to:				
Shareholders of the parent company	2,830,838	2,109,184	1,709,729	1,292,522
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,079)</u>

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2016

III. Consolidated financial statements and notes (amounts stated in Euro)

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH-FLOWS
FOR THE SIX AND THREE MONTHS PERIODS ENDED AS OF 30 JUNE 2016 AND 2015
(Translation of financial statements originally issued in Portuguese - Note 16)
(Amounts expressed in Euro)

Notes	30.03.2016	30.06.2015	2nd quarter 2016	2nd quarter 2015
Operating activities:				
<i>Cash flow from operating activities (1)</i>	<u>4,771,352</u>	<u>3,465,509</u>	<u>3,746,780</u>	<u>3,397,156</u>
Investment activities:				
Collections relating to:				
Tangible assets	1,275	650	1,275	650
Interest and similar income	984	21,928	163	10,357
Financial Investments	-	765,900	-	765,900
Dividends	200,000	202,259	234,100	1,022,578
Payments relating to:				
Financial Investments	(252,450)	(1,575,000)	-	-
Tangible assets	(371,468)	(359,651)	(179,406)	(307,089)
Intangible assets	(245,196)	(158,887)	(162,357)	(87,950)
Loans conceded	(100,000)	(969,114)	(2,093,538)	(341,763)
<i>Cash flow from investment activities (2)</i>	<u>(766,855)</u>	<u>(1,070,960)</u>	<u>(140,326)</u>	<u>(395,039)</u>
Financing activities				
Collections relating to:				
Loans obtained	17,322,640	17,322,640	7,000,000	7,000,000
Payments relating to:				
Interest and similar costs	(1,318,990)	(1,451,986)	(644,499)	(310,988)
Amortisation of leasing contracts	(30,707)	(17,342)	(15,354)	(13,416)
Dividends	(1,538,487)	(2,051,317)	(1,538,487)	(2,051,317)
Loans obtained	(23,502,610)	(26,390,794)	(4,000,000)	(7,520,645)
<i>Cash flow from financing activities (2)</i>	<u>(9,068,154)</u>	<u>(520,645)</u>	<u>(13,150,000)</u>	<u>(15,348,340)</u>
Cash and its equivalents at the beginning of the period	7	8,193,580	7,926,530	7,540,553
Changes in exchange rates		-	(631)	(631)
Variation of cash and its equivalents: (1)+(2)+(3)		<u>(5,063,657)</u>	<u>1,873,904</u>	<u>(4,410,630)</u>
Cash and its equivalents at the end of the period	7	<u>3,129,923</u>	<u>9,799,803</u>	<u>3,129,923</u>
				<u>9,799,803</u>

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

The Chartered Accountant

The Board of Directors

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III. Consolidated financial statements and notes (amounts stated in Euro)

1. INTRODUCTION

Cofina, SGPS, S.A. ("Cofina" or "Company") is an open capital company, with its head-office located at Rua General Norton de Matos, 68, r/c in Porto and has its shares listed in the Lisbon Euronext Stock Exchange ("Euronext Lisbon"). 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).

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

During the first semester ended as of 30 June 2016, the Cofina Group developed its activity mainly in Portugal, having also some interests in Brazil, through the investment 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 the functional currency. The operations of the foreign group companies whose functional currency is not the Euro are translated to Euro using the exchange rates in force at the balance sheet date. Income and expenses and cash flows are converted to Euro using the average exchange rate for the period. The exchange rate differences originated are recorded in equity captions.

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

2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

Annual consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union. The consolidated financial statements as of 30 June 2016 were prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting.

The accounting policies adopted in Cofina's consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended as of 31 December 2015.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISTAKES

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

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4. INVESTMENTS

Consolidation perimeter

The companies included in the consolidated financial statements by the full consolidation method, their headquarters, percentage of participation held and activity developed as of 30 June 2016 are as follows:

Designation	Headquarters	Percentage participation held		Activity
		held	Activity	
<u>Parent company:</u>				
Cofina, SGPS, S.A.	Porto			Investment management
<u>Cofina Media Group:</u>				
Cofina Media, S.A. ("Cofina Media")	Lisbon	100.00%		Newspapers and magazine publication, television broadcast, production and creation of websites for online business development, events promotion and organization.
Grafedisport – Impressão e Artes Gráficas, S.A. ("Grafedisport")	Queluz	100.00%		Newspaper printing
Adcom Media – Anúncios e Publicidade S.A. ("Adcom Media")	São Paulo, Brasil	100.00%		Communication and advertising services

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

The associated companies, their headquarters, percentage of participation held and activity developed as of 30 June 2016 are as follows:

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

Associated company VASP and Destak Brasil were included in the consolidated financial statements in accordance with the equity method. The company Mercados Globais is recorded at acquisition cost, less impairment losses.

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

Investments in Associated companies

The acquisition cost of the associated companies and their book value as of 30 June 2016 are as follows:

Designation	Acquisition Cost	Book value
VASP – Sociedade de Transportes e Distribuições, Lda.	€ 6,234	€ 2,896,344
Destak Brasil – Empreendimentos e Participações, S.A.	€ 299,064	€ (324,198)
Mercados Globais – Publicação de Conteúdos, Lda.	€ 72,000	-

As of 30 June 2016 and 31 December 2015 the caption "Investments in associated companies" can be detailed as follows:

	30.06.2016	31.12.2015
Financial Investment		
VASP – Sociedade de Transportes e Distribuições, Lda.	2,896,344	3,041,284
Mercados Globais - Publicação de Conteúdos, Lda.	72,000	72,000
	2,968,344	3,113,284
Accumulated impairment losses on investments in associated companies	(72,000)	(72,000)
	2,896,344	3,041,284
Loans granted		
Destak Brasil Empreendimentos	200,000	100,000
	3,096,344	3,141,284

Investments available for sale

As of 30 June 2016 and 31 December 2015 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 realizable amount, presenting this caption, as of those dates, a net book value of 136,530 Euro and 9,080 Euro, respectively. As of 30 June 2016 and as of 31 December 2015 the total investments for which adjustments were made in the same value amount to 386,076 Euro and 244,439 Euro, respectively.

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5. GOODWILL

During the six months' periods ended as of 30 June 2016 and 2015, the movement in the caption "Goodwill" fully refers to the exchange rates' change in the Goodwill of the subsidiary Adcom Media.

6. INCOME TAX

As of 30 June 2016 and 2015, the caption "Income Tax" is made up as follows:

	30.06.2016	30.06.2015
Current tax		
Income tax for the period	762,376	710,404
Excess/(Insufficiency) of prior years income tax	(161,526)	(131,166)
Deferred tax	646,992	515,761
	<hr/>	<hr/>
	1,247,842	1,094,999

As of 30 June 2016, disputes with the Portuguese tax authorities ("Autoridade Tributária e Aduaneira") were still in progress following a Corporate Income Tax inspection with an amount of, approximately, 20,200,000 Euro being challenged by the tax authorities. 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 the requirement in the amount of, approximately, 5,700,000 Euro. Consequently, the amount of the unresolved contingency, as of 30 June 2016, amounts to, approximately 12,500,000 Euro.

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

7. CASH AND CASH EQUIVALENTS

As of 30 June 2016 and 2015 and as of 31 December 2015, the caption "Cash and cash equivalents" can be detailed as follows:

	30.06.2016	31.12.2015	30.06.2015
Cash	66,428	66,058	61,253
Bank deposits repayable on demand	3,063,495	8,127,522	9,738,550
Cash and cash equivalents	<hr/>	<hr/>	<hr/>
	3,129,923	8,193,580	9,799,803

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8. SHARE CAPITAL

As of 30 June 2016, the Company's fully subscribed and paid up capital consisted of 102,565,836 shares without nominal value. As of that date, Cofina and the Group companies did not hold own shares.

9. BANK AND OTHER LOANS

As of 30 June 2016 and 31 December 2015, the caption "Other loans" was made up as follows:

	30.06.2016			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loans	-	49,619,376	-	50,000,000
Commercial paper	11,711,666	-	11,750,000	-
	11,711,666	49,619,376	11,750,000	50,000,000

	31.12.2015			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loans	-	49,521,018	-	50,000,000
Commercial paper	17,989,994	-	18,000,000	-
	17,989,994	49,521,018	18,000,000	50,000,000

Bond loans

As of 30 June 2016, the non-current liability caption "Bond Loans" refers to a bond loan denominated "Obrigações Cofina SGPS – 2013/2019", amounting to 50,000,000 Euro, issued by Cofina SGPS, S.A. stated in accordance with the effective interest rate method, with a book value of 49,619,376 Euro. This loan, according to its terms, matures on September 28, 2019.

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The main features of this bond loan are as follows:

i) Cofina, SGPS, S.A.:

- Issuer – Cofina, SGPS, S.A.;
- Nominal value – 50,000,000 Euro;
- Subscription date – 27 September 2013;
- Maturity – 28 September 2019;
- Reimbursement – at par, on interest payment dates, in three equal instalments, as of 28 September
- 2017, 28 September 2018 and 28 September 2019;
- Interests – 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 5,000,000 Euro, with guaranteed subscription by the banks, which bear interest at market rates. These commercial paper programs mature in September 2019 and November 2018, respectively.

10. FINANCIAL RESULTS

The financial income and expenses for the six months' periods ended as of 30 June 2016 and 2015 are made up as follows:

	30.06.2016	30.06.2015
<u>Financial expenses</u>		
Interest paid	(972,507)	(1,277,888)
Commissions	(297,844)	(320,032)
Other financial expenses	(12,441)	(11,799)
<u>Gains and Losses in associated companies</u>		
Application of the Equity Method	(311,855)	(408,701)
	<u>(1,594,647)</u>	<u>(2,018,420)</u>
<u>Financial income</u>		
Interest received	6,353	2,101
	<u>6,353</u>	<u>2,101</u>

11. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As of 30 June 2016, Cofina 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 of the ongoing income tax claims.

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As of 30 June 2016, Cofina Media Group companies had assumed responsibilities for guarantees granted amounting to 578,553 Euro mainly related to its advertising activities (329,109 Euro) and ongoing tax proceedings (249,791 Euro).

Additionally, as of 30 June 2016, the Group had also given promissory notes to guarantee credit facilities amounting to 68,500,000 Euro.

12. EARNINGS PER SHARE

Earnings per share for the six months' periods ended as of 30 June 2016 and 2015 were determined taking into consideration the following amounts:

	30.06.2016	30.06.2015
Net profit / (loss) considered for the computation of basic and diluted earnings	2,340,153	2,302,780
Weighted average number for shares used to compute the basic earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.02	0.02
Diluted	0.02	0.02

13. SEGMENT INFORMATION

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

- Newspaper;
- Magazines.

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

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The information for the six months' periods ended as of 30 June 2016 and 2015 is detailed as follows:

30.06.2016	Newspapers	Magazines	Eliminations and consolidations		Total
			adjustments		
Net operating income	39,904,786	8,566,357	-		48,471,143
Operating cash-flow - EBIT DA (a)	7,016,050	(574,750)	-		6,441,300
Operating profit (EBIT)	5,751,039	(574,750)	-		5,176,289

30.06.2015	Newspapers	Magazines	Eliminations and consolidations		Total
			adjustments		
Net operating income	40,322,236	9,675,276	-		49,997,512
Operating cash-flow - EBIT DA (a)	7,271,462	(415,055)	-		6,856,407
Operating profit (EBIT)	5,829,153	(415,055)	-		5,414,098

(a) - Earnings before interests, taxes, depreciation and amortisation

14. NET PROFIT / (LOSS) APPROPRIATION

Relating to the year ended as of 31 December 2015, the Board of Directors proposed, in its annual report, that from the individual net profit of Cofina, S.G.P.S., S.A., in the amount of 6,472,693.96 Euro, 1,538,487.54 Euro, which corresponds to a dividend of 0.015 Euro per share, would be distributed as dividends and the remainder in the amount of 4,934,206.42 Euro would be transferred to the caption "Other reserves", having that proposal been approved in the General Shareholders' Meeting held on of 21 April 2016.

15. FINANCIAL STATEMENTS APPROVAL

The interim financial statements as of 30 June 2016 were approved by the Board of Directors for issuance on 28 July 2016.

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III. Consolidated financial statements and notes
(amounts stated in Euro)

16. 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



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