COFINA, SGPS, S.A.

Public Company

Head Office: Rua do General Norton de Matos, 68, r/c – Oporto
Fiscal Number 502 293 225
Share Capital: 25,641,459 Euro

Financial information – first nine months of 2018
(Unaudited)

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34 – Interim Financial Reporting, 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 consolidated financial information of Cofina for the first nine months of 2018, prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS), can be presented as follows:

(thousand Euro)	9M 2018	9M 2017	Var (%) 9M18/9M17
Operational Revenues	**67,217**	**67,102**	**0.2%**
Circulation	32,902	35,059	-6.2%
Advertising	20,499	21,776	-5.9%
Alternative marketing products and others	13,816	10,267	34.6%
Operational Costs (a)	**56,507**	**57,908**	**-2.4%**
Consolidated EBITDA (b)	**10,710**	**9,194**	**16.5%**
EBITDA margin	15.9%	13.7%	+2.2 p.p.
Restructuring costs	0	-2,450	
Consolidated EBITDA after restructuring	**10,710**	**6,744**	58.8%
Current amortisation (-)	1,257	1,384	-9.2%
EBIT	**9,453**	**5,360**	**76.4%**
EBIT margin	14.1%	8.0%	+6.1 pp
Net Financial income / (loss)	(2,667)	(2,616)	1.9%
Income before taxes and minority interests	**6,786**	**2,744**	147.3%
Income taxes	3,094	1,195	158.9%
Net Consolidated Profit / (Loss) (c)	**3,692**	**1,549**	**138.3%**

(a) Operational costs excluding amortisation

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

(c) Net Profit / (Loss) attributable to the parent company's shareholders

9M 2018: net profit reaches 3.7 million Euro, increasing more than 138%

During the first nine months of 2018, operational revenues recorded an increase of 0.2%, while operational costs decrease 2.4%. EBITDA achieved approximately 10.7 million Euro, which corresponds to a 17% increase (excluding the non-recurring restructuring costs incurred in the same period of the previous year).

It should be noted that in September 2017 the monthly fashion magazine “Vogue” ceased to be part of Cofina’s portfolio. Hence, comparing the evolution of revenues recorded during the first nine months of 2018 with the revenues recorded during the first nine months of 2017, excluding this magazine, total revenues would have recorded a 2% increase.

Consolidated net profit amounted to 3.7 million Euro.

As of September 30, 2018, Cofina’s nominal net debt was 43.9 million Euro, which corresponds to a decrease of 3.4 million Euro comparatively to the nominal net debt recorded in the end of June 2018.

COFINA SGPS, S.A.

3Q 2018: Net profit records an increase of 26% amounting to 1 million Euro

The consolidated performance of the third quarter can be described as follows:

(thousand Euro)	3Q 2018	3Q 2017	Var (%) 3Q18/3Q17
Operational Revenues	**22,313**	**23,111**	**-3.5%**
Circulation	11,668	12,249	-4.7%
Advertising	6,907	7,322	-5.7%
Alternative marketing products and others	3,738	3,540	5.6%
Operational Costs (a)	**18,594**	**19,540**	**-4.8%**
Consolidated EBITDA (b)	**3,719**	**3,571**	**4.1%**
EBITDA margin	16.7%	15.5%	+1.2 p.p.
Restructuring costs	0	-450	
Consolidated EBITDA after restructuring	**3,719**	**3,121**	19.2%
Current amortisation (-)	418	461	-9.3%
EBIT	**3,301**	**2,660**	**24.1%**
EBIT margin	14.8%	11.5%	+3.3 p.p.
Net Financial income / (loss)	(989)	(1,134)	-12.8%
Income before taxes and minority interests	**2,312**	**1,526**	51.5%
Income taxes	1,263	695	81.7%
Net Consolidated Profit / (Loss) (c)	**1,049**	**831**	**26.2%**

(a) Operational costs excluding amortisation

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

(c) Net Profit / (Loss) attributable to the parent company's shareholders

The third quarter of 2018 was characterized by the maintenance of the good performance of the television channel (CMTV), grounded on a flexible costs structure which is adapted to the market challenges.

Hence, in aggregated terms, the quarter under analysis recorded total revenues of 22.3 million Euro, a decrease of 3.5% over the level of revenues recorded in third quarter of 2017. In terms of captions, circulation and advertising revenues recorded decreases of 4.7% and 5.7%, respectively. On the other hand, alternative marketing products and other revenues, where the fees of CMTV's presence in the cable platforms are included, recorded a 5.6% increase, reaching 3.7 million Euro.

The performance of "Correio da Manhã TV" (CMTV) channel, which has systematically beaten audience records, has been representing an important contribution for Cofina's results. CMTV recorded an average share of 3.5% during the first nine months of 2018. CMTV is the channel with the highest audience in the cable and the fourth largest Portuguese channel, behind the three main Free to Air channels in Portugal.

Operational costs reached 18.6 million Euro, having recorded a 5% decrease.

Therefore, EBITDA reached 3.7 million Euro, which corresponds to a 4% increase over the same period of 2017. It should be noted that in the same period of the previous year there were non-recurring costs of 450 thousand Euro related to restructuring costs. Considering the EBITDA of the third quarter of 2017 after the inclusion of these costs, the increase recorded in the EBITDA of the third quarter of 2018 is around 19%.

EBITDA margin achieved 16.7%, which corresponds to a 1.2 p.p. increase.

Consolidated net profit amounted to 1 million Euro.

It should be noted that the investment in “A Nossa Aposta” (www.nossaaposta.pt), online gaming platform which is 40% owned by Cofina, that obtained the licence to explore the sports odd-bets during the first quarter of 2017, is consolidated under the equity method, thus does not have any impact in Cofina’s operational revenues neither in consolidated EBITDA.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

COFINA, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2018 AND DECEMBER 2017

(Translation of financial statements originally issued in Portuguese - Note 16)

(Amounts expressed in Euro)

ASSETS	Notes	30.09.2018	31.12.2017
NON CURRENT ASSETS			
Tangible assets		2,206,443	2,610,984
Goodwill	5	84,777,180	84,777,180
Intangible assets		77,184	146,564
Investments in associated companies	4	3,153,693	2,938,310
Investments held for sale	4	5,510	5,510
Other non current assets		49,099	42,707
Deferred tax assets		386,176	386,176
Total non current assets		90,655,285	90,907,431
CURRENT ASSETS			
Inventories		1,443,223	1,298,454
Customers		7,944,496	8,926,388
State and other public entities		1,386,986	3,562
Other current debtors		1,427,145	203,106
Other current assets		4,742,264	6,885,509
Cash and cash equivalents	7	3,149,964	5,164,622
Total current assets		20,094,078	22,481,641
TOTAL ASSETS		110,749,363	113,389,072

SHAREHOLDERS' FUNDS AND LIABILITIES	Notes	30.09.2018	31.12.2017
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		(836,827)	(757,263)
Other reserves		(15,263,436)	(20,330,538)
Consolidated net profit/(loss) for the period attributable to the parent company		3,692,222	5,067,102
Total equity attributable to equity holder of the parent company		34,517,397	30,904,739
Non-controlling interests		-	-
TOTAL EQUITY		34,517,397	30,904,739
LIABILITIES			
NON CURRENT LIABILITIES			
Other loans	9	-	16,666,667
Other non current creditors		74,395	74,395
Provisions		6,472,831	5,809,206
Total non current liabilities		6,547,226	22,550,268
CURRENT LIABILITIES			
Bank loans	7 and 9	1,371,276	1,715,159
Other loans	9	45,432,066	36,005,449
Suppliers		6,591,046	9,636,900
State and other public entities		5,047,901	2,847,353
Other current creditors		2,965,841	1,314,502
Other current liabilities		8,276,610	8,414,702
Total current liabilities		69,684,740	59,934,065
TOTAL LIABILITIES		76,231,966	82,484,333
TOTAL EQUITY AND LIABILITIES		110,749,363	113,389,072

The accompanying notes from 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 NATURE
FOR THE NINE MONTHS PERIOD AND THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2018 AND 2017

(Translation of financial statements originally issued in Portuguese - Note 16)
(Amounts expressed in Euro)

		PERIOD ENDED AT		QUARTER ENDED AT	
	Notes	**30.09.2018**	**30.09.2017**	**30.09.2018**	**30.09.2017**
Sales	13	32,902,696	35,059,356	11,668,944	12,249,746
Services rendered	13	20,498,702	21,775,941	6,906,414	7,321,464
Other operating income	13	13,815,609	10,266,652	3,737,595	3,539,417
Cost of sales		(7,342,585)	(7,616,161)	(2,554,460)	(2,640,105)
External supplies and services		(28,366,074)	(28,672,365)	(8,911,218)	(10,016,636)
Payroll expenses		(20,379,500)	(23,540,599)	(6,954,108)	(7,005,921)
Amortisation and depreciation		(1,257,135)	(1,384,522)	(418,746)	(461,496)
Provisions and impairment losses		(257,019)	(374,290)	(89,734)	(271,368)
Other operating expenses		(161,149)	(154,249)	(83,829)	(55,735)
Gains / (losses) related w ith associated companies	10	(1,233,242)	(674,112)	(504,172)	(494,050)
Financial expenses	10	(1,454,211)	(1,987,748)	(493,911)	(660,860)
Financial income	10	20,444	46,077	9,465	21,144
Profit before income tax		6,786,536	2,743,980	2,312,241	1,525,600
Income tax		(3,094,314)	(1,194,860)	(1,263,661)	(694,107)
Net consolidated profit / (loss) for the period		3,692,222	1,549,120	1,048,580	831,493
Attributable to:					
Shareholders of the parent company		3,692,222	1,549,120	1,048,580	831,493
Non-controlling interests		-	-	-	-
Earnings per share:					
Basic	12	0.04	0.02	0.01	0.01
Diluted	12	0.04	0.02	0.01	0.01

The accompanying notes from 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 NINE MONTHS AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

(Translation of financial statements originally issued in Portuguese - Note 16)
(Amounts expressed in Euro)

	PERIOD ENDED AT		QUARTER ENDED AT	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Profit / (loss) for the period	3,692,222	1,549,120	1,048,580	831,493
Other comprehensive income:				
Items that will be reclassified to net income:				
Exchanges differences on translation of foreign operations	(79,564)	(97,010)	(113,615)	6,080
Total comprehensive income for the period	3,612,658	1,452,110	934,965	837,573
Attributable to:				
Shareholders of the parent company	3,612,658	1,452,110	934,965	837,573
Non-controlling interests	-	-	-	-

The accompanying notes from 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 NINE MONTHS PERIOD ENDED AS OF 30 SEPTEMBER 2018 AND 2017

(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 reserve	Other reserves	Net profit / (loss)	Total	Non-controlling interests	Total equity
Balance as of 1 January 2017	25,641,459	15,874,835	5,409,144	(594,244)	(24,663,549)	4,333,011	26,000,656	-	26,000,656
Appropriation of consolidated net result for 2016:									
Transfer to retained earnings	-	-	-	-	4,333,011	(4,333,011)	-	-	-
Variation in reserves and non-controlling interests									
Other variations	-	-	-	-	-	-	-	-	-
Total comprehensive income of the period	-	-	-	(103,090)	-	717,627	614,537	-	614,537
Balance as of 30 September 2017	25,641,459	15,874,835	5,409,144	(697,334)	(20,330,538)	717,627	26,615,193	-	26,615,193
Balance as of 1 January 2018	25,641,459	15,874,835	5,409,144	(757,263)	(20,330,538)	5,067,102	30,904,739	-	30,904,739
Appropriation of consolidated net result for 2017:									
Transfer to retained earnings	-	-	-	-	5,067,102	(5,067,102)	-	-	-
Variation in reserves and non-controlling interests									
Other variations	-	-	-	-	-	-	-	-	-
Total comprehensive income of the period	-	-	-	(79,564)	-	3,692,222	3,612,658	-	3,612,658
Balance as of 30 September 2018	25,641,459	15,874,835	5,409,144	(836,827)	(15,263,436)	3,692,222	34,517,397	-	34,517,397

The accompanying notes from an integral part of the consolidated financial statements

The Chartered Accountant

The Board of Directors

COFINA, SGPS, S.A.

CONDENSED CONSOLIDATED STATEMENTS OF CASH-FLOWS
FOR THE NINE MONTHS AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2018 AND 2017
(Translation of financial statements originally issued in Portuguese - Note 16)
(Amounts expressed in Euro)

		PERIOD ENDED AT				QUARTER ENDED AT			
	Notes	30.09.2018		30.09.2017		30.09.2018		30.09.2017	
Operating activities									
Cash flow from operating activities (1)			8,634,006		7,458,202		5,190,974		4,033,721
Investment activities:									
Receipts relating to:									
Interest and similar income		70,813		55,853		21,258		33,565	
Dividends distribution		-		180,000		-		-	
Tangible assets		7,500		-		7,500		-	
Loans conceded		50,000		-		-		-	
Financial investments		81,175	209,488	-	235,853	-	28,758	-	33,565
Payments relating to:									
Financial investments	7	(550,000)		(375,000)		(250,000)		(175,000)	
Tangible assets		(606,139)		(274,749)		(418,150)		(55,607)	
Intangible assets		(355,114)		(252,568)		(197,669)		(79,491)	
Loans conceded		(270,000)	(1,781,253)	(350,000)	(1,252,317)	(200,000)	(1,065,819)	(75,000)	(385,098)
Cash flow from investment activities (2)			(1,571,765)		(1,016,464)		(1,037,061)		(351,532)
Financing activities									
Receipts relating to:									
Loans obtained		30,000,000	30,000,000	27,000,000	27,000,000	9,500,000	9,500,000	-	-
Payments relating to:									
Interest and similar income		(1,498,072)		(2,112,738)		(683,386)		(953,320)	
Amortisation of leasing contracts		(61,174)		(51,952)		(20,391)		(21,246)	
Loans obtained		(37,172,803)	(38,732,049)	(33,674,795)	(35,839,485)	(16,668,687)	(17,372,464)	(16,668,907)	(17,643,473)
Cash flow from financing activities (3)			(8,732,049)		(8,839,485)		(7,872,464)		(17,643,473)
Cash and cash equivalents at the beginning of the period	7		3,449,463		9,403,739		5,497,336		20,966,972
Exchange rate effects			(967)		(304)		(97)		-
Variation of cash and cash equivalents: (1)+(2)+(3)			(1,669,808)		(2,397,747)		(3,718,551)		(13,961,284)
Cash and cash equivalents at the end of the period	7		1,778,688		7,005,688		1,778,688		7,005,688

The accompanying notes from 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 headquarters located at Rua General Norton de Matos, 68, r/c in Porto and has its shares listed in the Euronext Lisbon 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.

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

During the period ended as of 30 September 2018, 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. 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 on a going concern basis.

2. BASIS OF PRESENTATION AND MAIN ACCOUNTING POLICIES

Annual financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements as of 30 September 2018 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 2017.

The Board of Directors is analysing the impact of the implementation of IFRS 16 on the Group's financial statements.

Regarding IFRS 15 and IFRS 9, the main conclusions are the following:

- IFRS 9 – Cofina's Board of Directors, based on the Group's financial assets and liabilities and the facts known at the time, assessed the impact of the adoption of this standard in the following terms:

    - Classification and measurement: the financial instruments will continue to be subsequently measured at amortised cost;

    - Impairments: as required by IFRS 9, the Group applied the simplified approach to recognize the expected credit losses in the economic life of commercial trade accounts receivable taking into account that they do not have a significant financing component. The Board of Directors considered that the application of the mentioned expected impairment loss model would not substantially increase the amount of impairment losses recognized in relation to the book value of the accounts receivable and given the recent historical and the level of uncollectability verified in the recent past.

- IFRS 15 – Cofina recognizes revenues from various activities, assessing the impact of the standards for each of them, and the Board of Directors understands that:

- The magazines and newspapers sales, as well as the alternative marketing products sales incorporate a single performance obligation that is fulfilled at the time the publications are made available in the banking or digital platform. As a result, no changes were considered in the accounting method used in the light of IAS 18, where revenue is recognized after publication of the estimated amount of discards, which is regularly checked and does not deviate from that actually verified;
- The revenue from subscription of magazines and newspapers (subscriptions) is deferred over the subscription period (usually one year or less). Therefore, there is no prospect of changes in the accounting method used in the preparation of the financial statements where revenue is recognized during the period of subscription, considering that the publications to which the signature is entitled are published periodically and linearly over the period of signature;
- The services rendered related to the sale of advertising space in the Group's publications incorporates a single performance obligation that is fulfilled at the time of publication of the advertisement, similar to the criteria used in the 2017 financial statements defined by IAS 18;
- The performance obligation associated with distribution rights of television broadcasts is satisfied in the period of the transmission by the operator, which is the criteria currently used by the Group;
- Finally, the performance obligation associated with the graphic printing activity, rendered by one of the subsidiaries, is fully complied at the time that the service is rendered, as is the criteria currently used.

- Regarding the adoption of IFRS 16, which will come into effect as of January 1, 2019, the Group is still evaluating the corresponding impact, although it is not estimated any relevant patrimonial impacts. The volume of leases is not significant in the context of the consolidated financial statements of Cofina. As a result of the more in-depth analysis of the standard, there will be impacts on the recognition of assets and liabilities arising from existing leases, and the quantification of the impact is currently underway. Likewise, Cofina, to this date, has not yet decided on the transition option to be applied.

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.

(Amounts expressed in Euro)

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 September 2018 and 2017 are as follows:

Designation	Headquarters	Percentage participation held	Activity
Parent company:			
Cofina, SGPS, S.A.	Oporto		Investment management
Cofina Media Group:			
Cofina Media, S.A. ("Cofina Media")	Lisbon	100.00%	Newspapers and magazines publication, television broadcast, production and creation of website for online business development, events promotion and organisation.
Grafedisport – Impressão e Artes Gráficas, S.A. ("Grafedisport")	Queluz	100.00%	Newspapers print
Adcom Media – Anúncios e Publicidade S.A. ("Adcom Media")	São Paulo, Brazil	100.00%	Communication and advertising services

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

The associated companies, their headquarters, percentage of participation held and activity developed as of 30 September 2018 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
A Nossa Aposta – Jogos e Apostas On-line, S.A. ("A Nossa Aposta").	Lisbon	40%	-	Online gambling and betting activity
Mercados Globais – Publicação de Conteúdos, Lda.	V.N.Gaia	50%	-	Management of services and promotion of a financial forum on the internet

Associated companies VASP, Destak Brasil and A Nossa Aposta 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.

(Amounts expressed in Euro)

Investments in associated companies

The acquisition cost of the associated companies and their book value as of 30 September 2018 are as follows:

Designation	Acquisition Cost	Book Value
VASP – Sociedade de Transportes e Distribuições, Lda.	€ 6,234	€ 3,009,857
Destak Brasil – Empreendimentos e Participações, S.A.	€ 299,065	€ (2,793,306)
A Nossa Aposta – Jogos e Apostas On-line, S.A.	€ 450,000	€ 23,836
Mercados Globais – Publicação de Conteúdos, Lda.	€ 72,000	-

As of 30 September 2018 and 31 December 2017 the caption "Investments in associated companies" can be detailed as follows:

	30.09.2018	31.12.2017
Financial investment		
VASP – Sociedade de Transportes e Distribuições, Lda.	3,009,857	2,842,209
Mercados Globais - Publicação de Conteúdos, Lda.	72,000	72,000
A Nossa Aposta - Jogos e Apostas Online, S.A.	23,836	96,101
	3,105,693	3,010,310
Accumulated impairment losses on investments in associated companies	(72,000)	(72,000)
	3,033,693	2,938,310
Loans granted		
Destak Brasil Empreendimentos	120,000	-
	3,153,693	2,938,310

Investments available for sale

As of 30 September 2018 and 31 December 2017 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 the net realisable amount, presenting this caption, as of those dates, a net book value of 5,510 Euro. As of 30 September 2018 and as of 31 December 2017 the total investments for which adjustments were made in the same value amounted to 171,754 Euro.

5. GOODWILL

During the periods ended 30 September 2018 and 2017 there were no changes in the caption "Goodwill".

6. INCOME TAXES

Income taxes recognized in the profit and loss statement at 30 September 2018 and 2017 refer to the tax estimate for the period.

As of 30 September 2018, disputes with the Portuguese tax authorities ("Autoridade Tributária e Aduaneira") were still in progress following a Corporate Income Tax inspection, over the 2007 fiscal year, with an amount of, approximately, 17,900,000 Euro being challenged by the tax authorities. This amount results from two corrections performed by the tax authorities: one related with the non-acceptance of a capital loss generated by a disposal of a subsidiary; and another related with the non-acceptance of deductibility of part of the dividends distributed by a subsidiary.

Under the Tax and Social Security Debts' Regularization Exceptional Regime, approved by the Decree-Law 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.

Under the State Indebtedness Reduction Special Plan, approved by the Decree-Law 67/2016, of November 3 ("PERES"), the Group paid voluntarily, during the year ended as of 31 December 2016, an amount of 3,614,561 Euro, with the corresponding exemption of default and penalty interests and other costs of the tax process.

The Board of Directors, supported by its legal and tax advisors, and under the process of its tax contingencies revaluation, evaluated as probable a: (i) favourable decision in the case of the dividends and (ii) an unfavourable decision in the case of the capital loss, reason why a provision in the amount of, approximately, 3,000,000 Euro was allocated to that component of the process.

Nevertheless, the Group is still in litigation with the Portuguese tax authorities regarding these two situations. As of November 2018, a sentence was delivered by the Supreme Administrative Court favouring Cofina in the case of the "Dividends" (sentence which referred the matter again to the first instance court); and unfavourable decision in the case of the capital loss. In relation to the latter, the Group will appeal to the higher courts.

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 result from the ongoing tax claims.

(Amounts expressed in Euro)

7. CASH AND CASH EQUIVALENTS

As of 30 September 2018, 31 December 2017 and 30 September 2017, the caption "Cash and cash equivalents" can be detailed as follows:

	30.09.2018	31.12.2017	30.09.2017
Cash	65,015	317,593	73,465
Bank deposits repayable on demand	3,084,949	4,847,029	9,769,415
Total available cash within balance sheet	3,149,964	5,164,622	9,842,880
Bank overdrafts (Note 9)	(1,371,276)	(1,715,159)	(2,837,192)
Cash and cash equivalents	1,778,688	3,449,463	7,005,688

The payment related to financial investments refers to supplementary capital granted to the associated "*A Nossa* Aposta".

8. SHARE CAPITAL

As of 30 September 2018, 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 did not hold treasury shares.

9. BANK AND OTHER LOANS

The caption "Bank loans" as of 30 September 2018 and 31 December 2017 refers to bank overdrafts (Note 7).

The detail of "Other loans" caption as of 30 September 2018 and 31 December 2017 can be presented as follows:

	30.09.2018			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loans	16,401,401	-	16,666,667	-
Commercial paper	29,030,665	-	29,000,000	-
	45,432,066	-	45,666,667	-

	31.12.2017			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loans	16,505,927	16,666,667	16,666,667	16,666,667
Commercial paper	19,499,522	-	19,500,000	-
	36,005,449	16,666,667	36,166,667	16,666,667

(Amounts expressed in Euro)

Bond loans

As of 30 September 2018, the liability caption “Bond Loans” refers to a bond loan denominated “Obrigações Cofina SGPS – 2013/2019”, whose nominal value amounts to 16,666,667 Euro, issued by Cofina SGPS, S.A. and whose book value, recorded in accordance with the effective interest rate method, amounts to 16,505,927 Euro. This loan, according to its terms, matures on September 28, 2019, reason why it is classified as a current liability.

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, September 2018 and September 2019;
- Interests – postponed, corresponding to 6-month Euribor plus a spread of 3.8%.

Commercial Paper

The liability caption “Commercial Paper” relates to four commercial paper programs, in the maximum amounts of 15,000,000 Euro, 15,000,000 Euro, 7,000,000 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 2021, July 2019, April 2020 and September 2022, respectively.

10. FINANCIAL RESULTS

The financial income and expenses for the nine months’ periods ended as of 30 September 2018 and 2017 are detailed as follows:

	30.09.2018	30.09.2017
Financial expenses		
Interest paid	1,066,035	1,799,856
Commisions	366,551	187,419
Other financial expenses	21,625	473
Gains and losses in associated companies		
Application of the equity method	1,233,242	674,112
	2,687,453	2,661,860
Financial income		
Interest obtained	20,444	46,077
	20,444	46,077

(Amounts expressed in Euro)

11. RESPONSABILITIES FOR GUARANTEES PROVIDED

As of 30 September 2018, Cofina Group had provided guarantees as follows:

a) Pledge of 20,000,000 shares of Cofina Media, S.A., in favour of the Portuguese Tax Authority ("Autoridade Tributária") as a guarantee of the ongoing income tax claims.

As of 30 September 2018, Cofina Media Group had assumed responsibilities for guarantees granted amounting to 216,335 Euro related to its advertising activities and ongoing tax and civil proceedings.

12. EARNINGS PER SHARE

Earnings per share for the nine months' periods ended as of 30 September 2018 and 2017 were determined taking into consideration the following amounts:

	30.09.2018	30.09.2017
Net profit / (loss) considered for the computation of basic and diluted earnings	3,692,224	1,549,120
Weighted average number for shares used to compute the basic earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.04	0.02
Diluted	0.04	0.02

13. SEGMENT INFORMATION

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

- Newspapers
- Magazines

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

(Amounts expressed in Euro)

The information for the nine months' periods ended as of 30 September 2018 and 2017 is as follows:

30.09.2018	Newspapers	Magazines	Consolidation adjustments and elimination	Total
Net operating income	58,102,513	9,114,494	-	67,217,007
Operational cash-flow - EBITDA (a)	10,608,090	102,590	-	10,710,680
Operating profit (EBIT)	9,350,956	102,590	-	9,453,546

30.09.2017	Newspapers	Magazines	Consolidation adjustments and elimination	Total
Net operating income	56,830,446	10,271,503	-	67,101,949
Operational cash-flow - EBITDA (a)	7,408,509	(664,224)	-	6,744,285
Operating profit (EBIT)	6,023,987	(664,224)	-	5,359,763

(a) – EBITDA: earnings before interests, taxes, depreciation and amortisation

14. NET PROFIT APPROPRIATION

Regarding 2017 financial year, the Board of Directors proposed in its annual report the individual net profit of Cofina, SGPS, S.A. in the amount of 2,818,954.40 Euro to be transferred to Free Reserves, and the proposal was approved in the Shareholders' General Meeting held on May 4th, 2018.

15. FINANCIAL STATEMENTS APPROVAL

The interim financial statements as of 30 September 2018 were approved by the Board of Directors for issuance on 31 October 2018.

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.

COFINA, SGPS, S.A.
Rua do General Norton de Matos, 68 - R/C
4050 – 424 Porto PORTUGAL
Tel: + 351 22 834 65 00

www.cofina.pt