

REPORT AND ACCOUNTS

30 June 2018

REPORT AND ACCOUNTS 1H2018

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

TABLE OF CONTENTS

INTRODUCTION.....	3
STOCK EXCHANGE EVOLUTION.....	4
COMPANY ACTIVITY	6
FINANCIAL REVIEW	7
OUTLOOK	9
CORPORATE GOVERNANCE.....	10
LEGAL MATTERS.....	11
CLOSING REMARKS	13
STATEMENT UNDER ARTICLE 246, 1, C) OF THE SECURITIES CODE	14
ARTICLE 14, PARAGRAPH 7, OF PORTUGUESE SECURITIES MARKET COMMISSION (CMVM) REGULATION NO. 05/2008.....	16
CONSOLIDATED FINANCIAL STATEMENTS AND NOTES	17

MANAGEMENT REPORT

30 JUNE 2018



REPORT AND ACCOUNTS 1H2018

I. Management Report

To the Shareholders

Pursuant to the legal requirements, the Board of Directors of Cofina, SGPS, S.A. ("Cofina"), hereby informs its Report and Accounts for the first half of 2018.

INTRODUCTION

The 2018 financial year has revitalised the company, due to the materialisation of the restructuring process done in the past, which has been able not only to increase the press segment profitability, but also to develop the performance of the TV segment (CMTV), allowing it to achieve an outstanding performance.

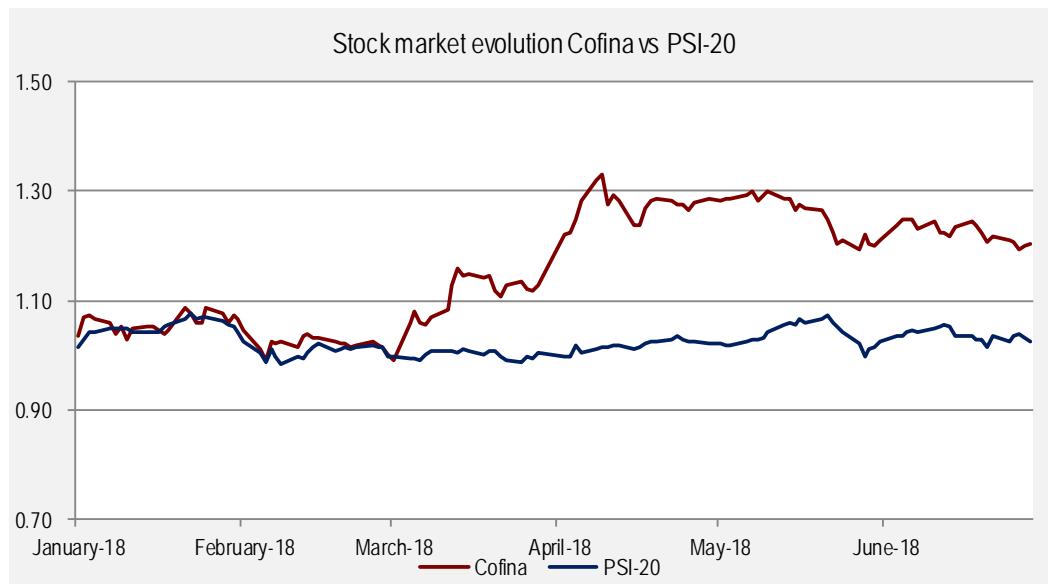
REPORT AND ACCOUNTS 1H2018

I. Management Report

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.)

In the first half of 2018, the Portuguese Stock Index (PSI-20) appreciated around 2.60% over to the end of 2017, while Cofina's shares appreciated 20.27%.



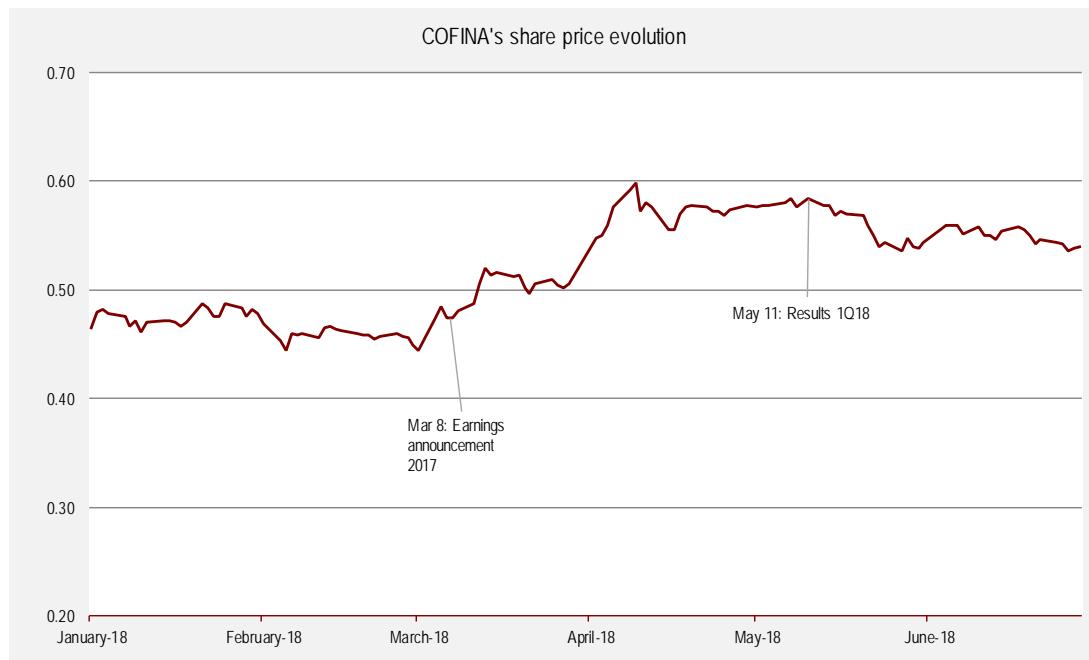
At the end of June 2018, Cofina's shares closing price was 0.540 Euro per share, corresponding to a market capitalization of 55.4 million Euro.

In the first half of 2018, Cofina's shares were traded at the highest price of 0.598 Euro and at the lowest price of 0.445 Euro. In total, 16,189,541 shares were traded.

REPORT AND ACCOUNTS 1H2018

I. Management Report

The main significant events that affected Cofina's shares price in the first half of 2018 can be detailed as follows:



- In the press release related to the Group's performance in 2017, disclosed as of 8 March 2018, Cofina presented a consolidated net profit of 5.1 million Euro. Operational revenue decreased around 8.9% amounting to 91.1 million Euro and EBITDA recorded 13.6 million Euro. On this day, Cofina shares closed at 0.474 Euro per share;
- As of 11 May 2018, Cofina announced the financial statements for the first quarter of 2018, presenting operational revenue of 21.0 million Euro, EBITDA reached 2.4 million Euro, while the net consolidated profit was 748 thousand Euro.

REPORT AND ACCOUNTS 1H2018

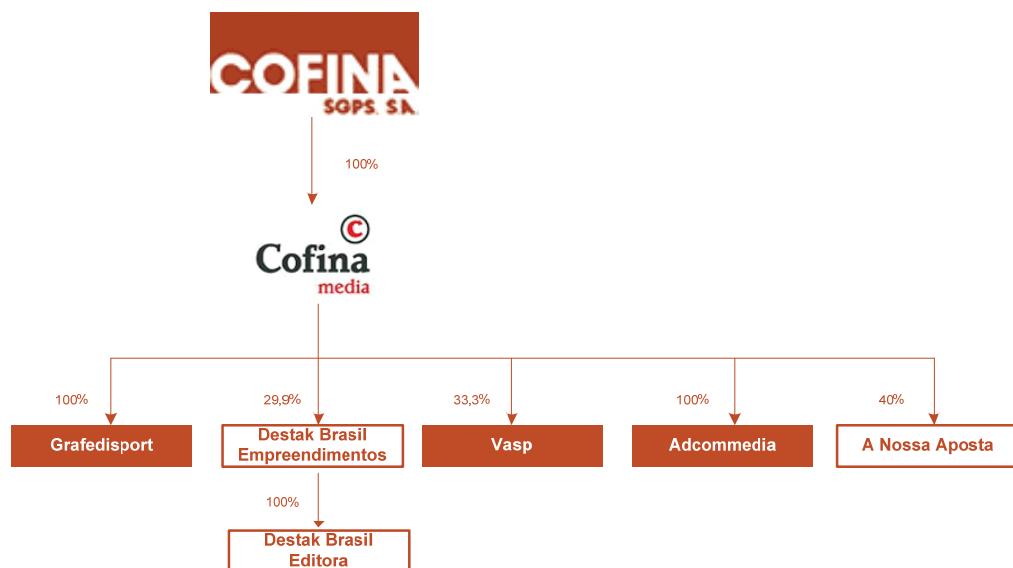
I. Management Report

COMPANY ACTIVITY

Cofina Group develops its activity in the media and contents business area.

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, it should be highlighted the daily newspaper "Correio da Manhã", the daily sports newspaper "Record", the economic information newspaper "Jornal de Negócios", the free newspapers "Destak", the information magazine "Sábado" as well as other titles, such as "TV Guia". In addition, since 2013, Cofina Group incorporated the television channel "CMTV" into its operations portfolio.

As of 30 June 2018, Cofina Group's complete structure of participations was as follows:



According to the data provided by APCT ("Associação Portuguesa para o Controlo de Tiragem e Circulação"), for the first four months of 2018, "Correio da Manhã" is the most sold newspaper in Portugal, with an average of more than 85 thousand copies sold daily. According to the data provided by this certifying entity, "Correio da Manhã" has a market share of 35% (regarding the daily paid generic newspapers segment). Despite the generalised decrease on paid circulation in this segment, "Correio da Manhã" has been keeping its leadership, year after year.

REPORT AND ACCOUNTS 1H2018

I. Management Report

FINANCIAL REVIEW

The consolidated financial information of Cofina for the first half of 2018, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), can be presented as follows:

(thousand Euro)	1H 2018	1H 2017	Var (%) 1H18/1H17
Operational revenues	44,904	43,991	2.1%
Circulation	21,234	22,810	-6.9%
Advertising	13,592	14,454	-6.0%
Alternative marketing products and others	10,078	6,727	49.8%
Operational Costs (a)	37,913	38,368	-1.2%
Consolidated EBITDA (b)	6,991	5,623	24.3%
EBITDA margin	15.6%	12.8%	+2.8 p.p.
Restructuring costs	0	-2,000	
Consolidated EBITDA after restructuring	6,991	3,623	93.0%
Current amortisation (-)	839	923	-9.1%
EBIT	6,152	2,700	127.9%
EBIT margin	13.7%	6.1%	+7.6 pp
Net financial income / (loss)	(1,678)	(1,482)	13.2%
Income before taxes and minority interests	4,474	1,218	267.3%
Income taxes (IRC)	1,831	500	266.2%
Net Consolidated Profit / (loss) (c)	2,643	718	268.1%

(a) Operational costs excluding amortisation

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

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

The period under analysis was characterised by an increase in total operational revenues comparatively to the same period of the previous year (+2.1%). Despite the decrease recorded in circulation revenues (-6.9%) and in the advertising revenues (-6.0%), the alternative marketing products revenues achieved a 49.8% significant increase.

EBITDA before restructuring costs reached approximately 7 million Euro, which corresponds to 24.3% increase over the same period of the previous year. If, on the other hand, the analysis occurs over the EBITDA after restructuring costs, the increase was even more significant, recording a 93% increase when compared to the same period of the previous year.

Consolidated net profit amounted to 2.6 million Euro, corresponding to a relevant increase of 268.1% over the same period of the previous year.

As of 30 June 2018, Cofina's nominal net debt was 47.3 million Euro, a lower amount when compared to the nominal net debt as of 31 December 2017, which reached to 49.4 million Euro.

In operational terms, Cofina has been developing new units of business, highlighting the online gaming platform 40% owned by Cofina, "A Nossa Apostila", that obtained the licence to explore the sports odd-bets during the first quarter of 2018. "A Nossa Apostila" is consolidated under the equity method, thus does not have any impact in Cofina's operational revenues neither in consolidated EBITDA.

REPORT AND ACCOUNTS 1H2018

I. Management Report

The performance of the channel "*Correio da Manhã TV*" (CMTV), which has systematically beaten audience records, is having an important contribution for Cofina results. Hence, CMTV recorded an average share of 3.4% during the first half of 2018. Moreover, the share recorded in the month of June was 4.04%. CMTV is the channel with the highest audience in the cable and the fourth largest Portuguese channel, behind three of the four mains Free to Air channels existing in Portugal.

REPORT AND ACCOUNTS 1H2018

I. Management Report

OUTLOOK

In terms of future perspectives, the evolution of CMTV editorial and financial performance, associated to intrinsic seasonality factors of the media sector (fourth quarter stronger in terms of advertisement), allows us to forecast an annual EBITDA for the channel significantly higher than the one recorded in the previous year.

REPORT AND ACCOUNTS 1H2018

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 the financial year 2017 and it is available on our website (www.cofina.pt).

REPORT AND ACCOUNTS 1H2018

I. Management Report

LEGAL MATTERS

Treasury 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 2018 Cofina had no treasury shares and did not acquire nor sell treasury shares during the semester then ended.

Shares held by Cofina's corporate board members

As of 30 June 2018, the Directors inform that 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 ^(d)	7,719,360
Ana Rebelo de Carvalho Menéres de Mendonça ^(e)	20,488,760

^(a) – The 13,386,332 shares are the total number of shares of COFINA – SGPS, S.A. held by ACTIUM CAPITAL, S.A., in which Paulo Jorge dos Santos Fernandes is director and majority shareholder.

^(b) – The 15,400,000 shares are the total number of shares of COFINA – SGPS, S.A. held by INDAZ S.A., in which João Manuel Matos Borges de Oliveira is director.

^(c) – The 12,395,257 shares are the total number of shares of COFINA – SGPS, S.A. held by LIVREFLUXO, S.A., in which Domingos José Vieira de Matos is director and majority shareholder.

^(d) – The 7,719,360 shares are the total number of shares of COFINA – SGPS, S.A. held by VALOR AUTÊNTICO, S.A., in which Pedro Miguel Matos Borges de Oliveira is director and majority shareholder.

^(e) – The 20,488,760 shares are the total number of shares of COFINA – SGPS, S.A. held by PROMENDO – SGPS, S.A., in which Ana Rebelo de Carvalho Menéres de Mendonça is director and majority shareholder.

As of 30 June 2018, 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 1H2018

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%, 20%, 33% and 50% of the voting rights accordingly to the last received notifications until 30 June 2018, are as follows:

	No. of shares held as of 30-Jun-2018	% share capital with voting rights
Santander Asset Management		
Through Santander Acções Portugal Fund	2,069,459	2.02%
Through Santander PPA Fund	107,964	0.11%
Total attributable	2,177,423	2.12%
Credit Suisse Group AG		
Directly	5,039,060	4.91%
Total attributable	5,039,060	4.91%
Pedro Miguel Matos Borges de Oliveira		
Through Valor Auténtico, S.A. (of which he is dominant shareholder and director)	7,719,360	7.53%
Total attributable	7,719,360	7.53%
Domingos José Vieira de Matos		
Through LivreFluxo, S.A. (of which he is dominant shareholder and director)	12,395,257	12.09%
Total attributable	12,395,257	12.09%
Paulo Jorge dos Santos Fernandes		
Through Actium Capital, S.A. (of which he is dominant shareholder and director)	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 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 dominant shareholder and director)	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.

REPORT AND ACCOUNTS 1H2018

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 Statutory Audit Board for the continued monitoring of our operations.

Oporto, July 26, 2018

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 2018



REPORT AND ACCOUNTS 1H2018

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, SGPS, 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, SGPS, 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, SGPS, 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, SGPS, S.A. declares that the accounts that integrate this report were not subject to a Limited Review.

Under the terms and for the purposes of article 210 of the Code of the Contributory Regimes of the Social Security System (Law no. 110/2009, of September 16), the Board of Directors informs that there are no overdue debts to the State, namely with respect to Social Security.

REPORT AND ACCOUNTS 1H2018

II. Appendix to the Management Report

Article 14, paragraph 7, of Portuguese Securities Market Commission (CMVM) Regulation no. 05/2008

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-Dec-2017	Acquisitions	Disposals	Shares held at 30-Jun-2018
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL, 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, S.A.)	12,395,257	-	-	12,395,257
Pedro Miguel Matos Borges de Oliveira (imputation through VALOR AUTÉNTICO, S.A.)	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

30 June 2018



REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

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

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

(Amounts expressed in Euro)

ASSETS	Notes	30.06.2018	31.12.2017
NON CURRENT ASSETS			
Tangible assets		2,199,955	2,610,984
Goodwill	5	84,777,180	84,777,180
Intangible assets		-	146,564
Investments in associated companies	4	2,844,208	2,938,310
Investments held for sale	4	5,510	5,510
Other non current assets		46,194	42,707
Deferred tax assets		386,176	386,176
Total non current assets		<u>90,259,223</u>	<u>90,907,431</u>
CURRENT ASSETS			
Inventories		1,697,719	1,298,454
Customers		8,930,360	8,926,388
State and other public entities		219,723	3,562
Other current debtors		1,798,217	203,106
Other current assets		5,210,569	6,885,509
Cash and cash equivalents	7	11,186,076	5,164,622
Total current assets		<u>29,042,664</u>	<u>22,481,641</u>
TOTAL ASSETS		<u>119,301,887</u>	<u>113,389,072</u>
SHAREHOLDERS' FUNDS AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital		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		(804,387)	(757,263)
Other reserves		(15,263,436)	(20,330,538)
Consolidated net profit/(loss) for the period attributable to the parent company		2,643,643	5,067,102
Total equity attributable to equity holder of the parent company		<u>33,501,258</u>	<u>30,904,739</u>
Non-controlling interests		-	-
TOTAL EQUITY		<u>33,501,258</u>	<u>30,904,739</u>
LIABILITIES			
NON CURRENT LIABILITIES			
Other loans	9	16,666,667	16,666,667
Other non current creditors		74,395	74,395
Provisions		6,109,174	5,809,206
Total non current liabilities		<u>22,850,236</u>	<u>22,550,268</u>
CURRENT LIABILITIES			
Bank loans	7 e 9	5,688,740	1,715,159
Other loans	9	36,132,990	36,005,449
Suppliers		8,160,764	9,636,900
State and other public entities		4,573,524	2,847,353
Other current creditors		2,040,261	1,314,502
Other current liabilities		6,354,114	8,414,702
Total current liabilities		<u>62,950,393</u>	<u>59,934,065</u>
TOTAL LIABILITIES		<u>85,800,629</u>	<u>82,484,333</u>
TOTAL EQUITY AND LIABILITIES		<u>119,301,887</u>	<u>113,389,072</u>

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE FOR THE SIX MONTHS PERIOD AND THREE MONTHS PERIOD ENDED 30 JUNE 2018 AND 2017

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

	Notes	HALF ENDED AT		QUARTER ENDED AT	
		30.06.2018	30.06.2017	2Q2018	2Q2017
Sales	13	21,233,752	22,809,610	10,841,505	11,703,245
Services rendered	13	13,592,288	14,454,477	7,800,731	8,070,581
Other operating income	13	10,078,014	6,727,235	5,249,667	3,663,641
Cost of sales		(4,788,126)	(4,976,056)	(2,541,011)	(2,382,910)
External supplies and services		(19,454,856)	(18,655,729)	(9,723,576)	(10,504,994)
Payroll expenses		(13,425,392)	(16,534,678)	(6,941,429)	(9,120,005)
Amortisation and depreciation		(838,389)	(923,026)	(418,710)	(461,509)
Provisions and impairment losses		(167,284)	(102,922)	(100,446)	(71,098)
Other operating expenses		(77,320)	(98,514)	(23)	(71,571)
Gains / (losses) related with associated companies	10	(729,070)	(180,062)	(450,404)	195,479
Financial expenses	10	(960,300)	(1,326,888)	(497,296)	(692,160)
Financial income	10	10,979	24,933	3,286	5,916
Profit before income tax		4,474,296	1,218,380	3,222,294	334,615
Income tax		(1,830,653)	(500,753)	(1,326,866)	(265,227)
Net consolidated profit / (loss) for the period		2,643,643	717,627	1,895,428	69,388
Attributable to:					
Shareholders of the parent company		2,643,643	717,627	1,895,428	69,388
Non-controlling interests		-	-	-	-
Earnings per share:					
Basic	12	0.03	0.01	0.02	0.00
Diluted	12	0.03	0.01	0.02	0.00

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED AS OF 30 JUNE 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							Non-controlling interests	Total equity
	Share capital	Share premium account	Legal reserve	Exchange conversion reserve	Other reserves	Net profit / (loss)	Total		
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 June 2017	<u>25,641,459</u>	<u>15,874,835</u>	<u>5,409,144</u>	<u>(697,334)</u>	<u>(20,330,538)</u>	<u>717,627</u>	<u>26,615,193</u>	<u>-</u>	<u>26,615,193</u>
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:									
Transferência para reserva legal e resultados transitados	-	-	-	-	-	5,067,102	(5,067,102)	-	-
Variation in reserves and non-controlling interests									
Other variations	-	-	-	-	-	-	-	-	-
Total comprehensive income of the period	-	-	-	(47,124)	-	2,643,643	2,596,519	-	2,596,519
Balance as of 30 June 2018	<u>25,641,459</u>	<u>15,874,835</u>	<u>5,409,144</u>	<u>(804,387)</u>	<u>(15,263,436)</u>	<u>2,643,643</u>	<u>33,501,258</u>	<u>-</u>	<u>33,501,258</u>

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED 30 JUNE 2018 AND 2017

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

	HALF ENDED AT		QUARTER ENDED AT	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Profit / (loss) for the period	2,643,643	717,627	1,895,428	69,388
Other comprehensive income:				
Items that will be reclassified to net income:				
Exchanges differences on translation of foreign operations	(47,124)	(103,090)	(3,234)	(119,526)
Total comprehensive income for the period	2,596,519	614,537	1,892,194	(50,138)
Attributable to:				
Shareholders of the parent company	2,596,519	614,537	1,892,194	(50,138)
Non-controlling interests	-	-	-	-

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

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

Notes	HALF ENDED AT		QUARTER ENDED AT	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Operating activities				
Cash flow from operating activities (1)	3,443,032	3,424,481	3,077,234	2,784,527
Investment activities:				
Collections relating to:				
Interest and similar income	49,555	22,288	49,263	17,239
Dividends distribution	-	180,000	-	180,000
Loans conceded	50,000	-	-	-
Financial investments	81,175	180,730	202,288	49,263
Payments relating to:				
Financial investments	7 (300,000)	(200,000)	(70,000)	(100,000)
Tangible assets	(187,989)	(219,142)	(101,604)	(186,802)
Intangible assets	(157,445)	(173,077)	(71,511)	(90,655)
Loans conceded	(70,000)	(715,434)	(275,000)	(867,219)
Cash flow from investment activities (2)	(534,704)	(664,932)	(243,115)	(377,457)
Financing activities				
Collections relating to:				
Loans obtained	20,500,000	20,500,000	27,000,000	27,000,000
Payments relating to:				
Interest and similar income	(814,686)	(1,159,418)	(189,421)	(204,993)
Amortisation of leasing contracts	(40,783)	(30,706)	(20,392)	(15,353)
Loans obtained	(20,504,116)	(21,359,585)	(17,005,888)	(18,196,012)
Cash flow from financing activities (3)	(859,585)	8,803,988	(20,501,308)	(20,711,120)
Cash and cash equivalents at the beginning of the period	7 3,449,463	9,403,739	2,825,336	7,614,842
Exchange rate effects	(870)	(304)	(261)	(356)
Variation of cash and cash equivalents: (1)+(2)+(3)	2,048,743	11,583,537	2,672,261	13,352,486
Cash and cash equivalents at the end of the period	7 5,497,336	20,966,972	5,497,336	20,966,972

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

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, editing 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 semester ended as of 30 June 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 June 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, except considering the new terms adopted except regarding the adoption of the new policies whose application became effective as of January 1st, 2018, being that the application of IFRS 9 and IFRS 15 have not a significant impact in these financial statements.

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.

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(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 June 2018 and 2017 are as follows:

Designation	Headquarters	Percentage participation held	Activity
<u>Parent company:</u>			
Cofina, SGPS, S.A.	Oporto		Investment management
<u>Cofina Media Group:</u>			
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 June 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.

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

Investments in associated companies

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

Designation	Acquisition Cost	Book Value
VASP – Sociedade de Transportes e Distribuições, Lda.	€ 6,234	€ 2,921,027
Destak Brasil – Empreendimentos e Participações, S.A.	€ 299,065	€ (2,529,649)
A Nossa Apostila – Jogos e Apostas On-line, S.A.	€ 450,000	€ (96,819)
Mercados Globais – Publicação de Conteúdos, Lda.	€ 72,000	-

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

	30.06.2018	31.12.2017
Financial investment		
VASP – Sociedade de Transportes e Distribuições, Lda.	2,921,027	2,842,209
Mercados Globais - Publicação de Conteúdos, Lda.	72,000	72,000
A Nossa Apostila - Jogos e Apostas Online, S.A.	(96,819)	96,101
	<u>2,896,208</u>	<u>3,010,310</u>
Accumulated impairment losses on investments in associated companies	(72,000)	(72,000)
	<u>2,824,208</u>	<u>2,938,310</u>
Loans granted		
Destak Brasil Empreendimentos	20,000	-
	<u>2,844,208</u>	<u>2,938,310</u>

Investments available for sale

As of 30 June 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 June 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 June 2018 and 2017 there were no changes in the caption "Goodwill".

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

6. INCOME TAX

The income taxes recognized in the income statement at 30 June 2018 and 2017 refer to the tax estimate for the period.

As of 30 June 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.

Consequently, the amount of the unresolved contingency/tax assessment, as of 30 June 2018, amounts to, approximately, 13,500,000 Euro, from which 3 million Euro refers to the correction of the capital loss above referred and the remaining amount (10.5 million Euro) is related to the dividends correction.

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.

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.

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

7. CASH AND CASH EQUIVALENTS

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

	30.06.2018	31.12.2017	30.06.2017
Cash	73,080	317,593	67,614
Bank deposits repayable on demand	11,112,996	4,847,029	26,991,903
Cash and cash equivalents	11,186,076	5,164,622	27,059,517
Bank overdrafts (Note 9)	(5,688,740)	(1,715,159)	(6,092,545)
Cash and cash equivalents	5,497,336	3,449,463	20,966,972

The payment related to financial investments refer to loans granted to the associated "A Nossa Apostila".

8. SHARE CAPITAL

As of 30 June 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 June 2018 and 31 December 2017 included 5,688,740 Euro and 1,715,159 Euro, respectively, relating to bank overdrafts (Note 7).

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

	30.06.2018			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loans	16,642,231	16,666,667	16,666,667	16,666,667
Commercial paper	19,490,759	-	19,500,000	-
	36,132,990	16,666,667	36,166,667	16,666,667

	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

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

Bond loans

As of 30 June 2018, the liability caption "Bond Loans" refers to a bond loan denominated "Obrigações Cofina SGPS – 2013/2019", whose nominal value amounts to 33,333,334 Euro, issued by Cofina, SGPS, S.A., and whose book value, recorded in accordance with the effective interest rate method, amounts to 33,308,898 Euro. This loan, according to its terms, matures on September 28, 2019.

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 three commercial paper programs, in the maximum amounts of 15,000,000 Euro, 15,000,000 Euro and 7,000,000 Euro, with guaranteed subscription by the banks, which bear interest at market rates. These commercial paper programs mature in September 2021, July 2019 and April 2020, respectively.

10. FINANCIAL RESULTS

The financial income and expenses for the six months' periods ended as of 30 June 2018 and 2017 are detailed as follows:

	30.06.2018	30.06.2017
<u>Financial expenses</u>		
Interest paid	710,426	1,046,175
Commissions	239,478	269,117
Other financial expenses	10,396	11,596
<u>Gains and losses in associated companies</u>		
Application of the equity method	729,070	180,062
	<hr/> 1,689,370	<hr/> 1,506,950
<u>Financial income</u>		
Interest obtained	10,979	24,933
	<hr/> 10,979	<hr/> 24,933

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

11. RESPONSABILITIES FOR GUARANTEES PROVIDED

As of 30 June 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 June 2018, Cofina Media Group had assumed responsibilities for guarantees granted amounting to 221,880 Euro related to its advertising activities and ongoing tax and civil proceedings.

Additionally, as of 30 June 2018, the Group had also given promissory notes to guarantee credit facilities amounting to 63,500,000 Euro.

12. EARNINGS PER SHARE

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

	30.06.2018	30.06.2017
Net profit / (loss) considered for the computation of basic and diluted earnings	2,643,643	717,627
Weighted average number for shares used to compute the basic earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.03	0.01
Diluted	0.03	0.01

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.

REPORT AND ACCOUNTS 1H2018

Consolidated financial statements and notes

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

(Amounts expressed in Euro)

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

30.06.2018	Newspapers	Magazines	Consolidation adjustments and elimination		Total
Net operating income	38,705,292	6,198,762		-	44,904,054
Operational cash-flow - EBITDA (a)	7,010,243	(19,167)		-	6,991,076
Operating profit (EBIT)	6,171,854	(19,167)		-	6,152,687

30.06.2017	Newspapers	Magazines	Consolidation adjustments and elimination		Total
Net operating income	37,117,474	6,873,948		-	43,991,322
Operational cash-flow - EBITDA (a)	4,286,627	(663,205)		-	3,623,422
Operating profit (EBIT)	3,363,602	(663,205)		-	2,700,397

(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 General Meeting held on May 4th, 2018.

15. FINANCIAL STATEMENTS APPROVAL

The interim financial statements as of 30 June 2018 were approved by the Board of Directors for issuance on 26 July 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.



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