

REPORT AND ACCOUNTS

30 June 2019

(This is a translation of a document originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails – Note 17)

TABLE OF CONTENTS

INTRODUCTION.....	3
STOCK EXCHANGE EVOLUTION.....	4
GROUP'S ACTIVITY.....	6
FINANCIAL REVIEW.....	7
OUTLOOK.....	8
CORPORATE GOVERNANCE.....	9
LEGAL MATTERS.....	10
COMPANY'S SHARE CAPITAL PARTICIPATIONS.....	11
CLOSING REMARKS.....	12
STATEMENT UNDER ARTICLE 246, 1, C) OF THE SECURITIES CODE.....	13
DECLARATION OF RESPONSIBILITY.....	14
ARTICLE 14 OF PORTUGUESE SECURITIES MARKET COMMISSION (CMVM) REGULATION NO. 05/2008 AND ARTICLE 19 OF REGULATION (UE) NO. 596/2014 OF EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 16 APRIL 2014.....	15

MANAGEMENT REPORT

30 JUNE 2019



REPORT AND ACCOUNTS 1H2019

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 2019.

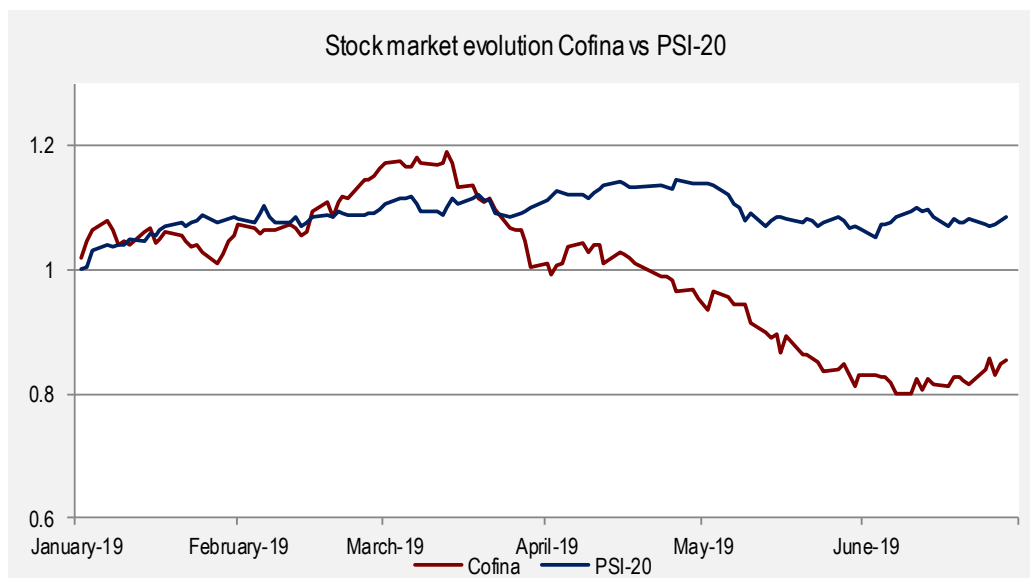
INTRODUCTION

The 2019 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.

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 price variations.)

In the first half of 2019, the Portuguese Stock Index (PSI-20) appreciated 16.85% compared with the end of 2018, while Cofina's shares depreciated 2.53%.



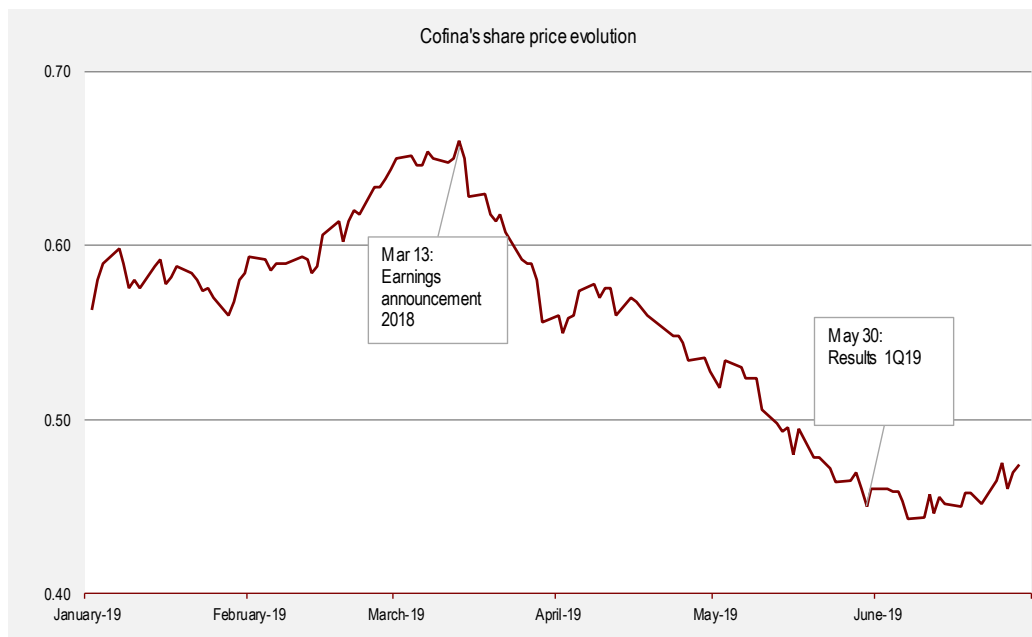
At the end of June 2019, Cofina's shares closing price was 0.474 Euro per share, corresponding to a market capitalization of 48.6 million Euro.

In the first half of 2019, Cofina's shares were traded at a maximum of 0.660 Euro per share and at a minimum of 0.443 Euro per share. In total, 6,438,170 shares were traded.

REPORT AND ACCOUNTS 1H2019

I. Management Report

The main significant events that affected Cofina's shares price in the first half of 2019 can be detailed as follows:



- In the press release regarding the Group's performance in 2018, disclosed as of 13 March 2019, Cofina presented a consolidated net profit of 6.7 million Euro. Operational revenue amounted to 89.3 million Euro and EBITDA recorded 14.9 million Euro. On that day, Cofina's shares closed at 0.660 Euro per share;
- As of 30 May 2019, Cofina announced the performance of the first quarter of 2019, presenting operational revenues of 20.2 million Euro, EBITDA reached 3.1 million Euro, while net consolidated profit was 871 thousand Euro.

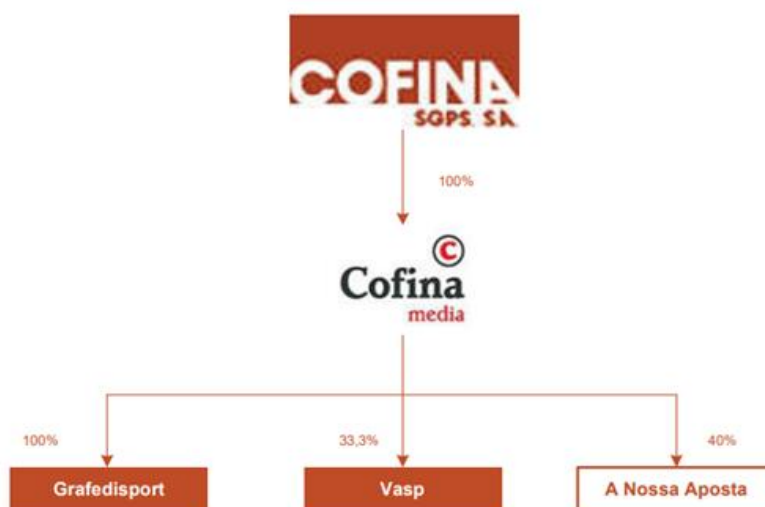
GROUP'S ACTIVITY

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

The key group company in this sector is Cofina Media, S.A..

Cofina Media owns/explores the following portfolio: the daily newspaper “Correio da Manhã”, the daily sports newspaper “Record”, the economic information newspaper “Jornal de Negócios”, the free newspaper “Destak”, the information magazine “Sábado”, the television magazine “TV Guia”, the monthly fashion magazine “Máxima”, television channel distributed on all cable platforms “Correio da Manhã TV” (CMTV), organization and management of events and exploitation of various products on digital platforms.

As of 30 June 2019, Cofina Group's complete structure of participations was as follows:



At the end of 2018, Cofina sold its operation in Brazil through its subsidiary AdCommedia and the associate Destak Brasil, keeping its operations only in Portugal.

According to the data provided by APCT (“Associação Portuguesa para o Controlo de Tiragem e Circulação”), for the period from January to April 2019, “Correio da Manhã” remains the leader as the best-selling newspaper in Portugal, with an average of around 73,000 copies sold per edition during the period under analysis. In the newsmagazines, the magazine “Sábado” managed to be the magazine with the largest circulation in paper during the first four months of the year. According to the data provided by this certifying entity, “Sábado” was able to stop the erosion registered in the paid printed circulation, becoming the market leader. Despite the widespread breakdowns in the paid circulation of its segment, “Correio da Manhã” has been maintaining its leadership year after year and “Sábado” magazine has been able to confirm its market share and remain extremely competitive.

FINANCIAL REVIEW

The financial information was prepared in accordance with the International Financial Reporting Standards (IFRS). Since January 1, 2019, IFRS 16 was adopted, and as allowed by this standard, 2018 information was not restated.

(thousand Euro)	1H 2019	1H 2018 restated	Var (%) 1H19/1H18
Operational revenues	42,696	44,405	-3.8%
Circulation	20,948	21,234	-1.3%
Advertising	12,845	13,093	-1.9%
Alternative marketing products and others	8,903	10,078	-11.7%
Operational costs (a)	34,955	37,534	-6.9%
Consolidated EBITDA (b)	7,741	6,871	12.7%
EBITDA Margin	18.1%	15.5%	+2.6 p.p.
Amortizations	1,811	839	115.9%
EBIT	5,930	6,032	-1.7%
EBIT Margin	13.9%	13.6%	+0.3 p.p.
Net financial income / (loss)	(1,177)	(1,361)	-13.5%
Profit before taxes from continuing operations	4,753	4,671	1.8%
Income taxes	1,738	1,774	-2.0%
Consolidated net profit from continuing operations	3,015	2,897	4.1%
Net profit of discontinued operations	-	-254	-
Consolidated net profit (c)	3,015	2,643	14.1%

(a) Operational costs excluding amortization

(b) EBITDA = earnings before interests, taxes, depreciations and amortizations

(c) Net profit attributable to the parent company shareholders

Cofina's consolidated total revenues in the first half of 2019 amounted to 42.7 million Euro, which corresponds to a 4% decrease over the same period of 2018. This evolution arises from a decrease in alternative marketing products (-12%). Regarding advertising, it was recorded a 2% decrease, while circulation revenues were 1% lower than in the previous year.

It should be noted that the Football World Cup occurred in June 2018, a sports event that has an extraordinary advertising investment, besides being an inductor of circulation. Therefore, the comparison with the first half of 2019 is affected by this non-recurring event.

Consolidated EBITDA amounted to approximately 7.7 million Euro, which reflects a 13% increase over EBITDA recorded in the first half of 2018. EBIT achieved 5.9 million Euro, which corresponds to a 2% decrease.

Net profit of discontinued operations, in 2018, results from the restatement of 2018 figures in order to reflect the sale of the operation that Cofina held in Brazil, through its subsidiary AdCommedia and its associated Destak Brazil. The profit and loss statement of the first half of 2018 was restated in order to segregate into a separate line the net profit / (loss) attributable to those discontinuing units.

Hence, consolidated net profit reached 3.0 million Euro, a 14% increase when compared with the same period of the previous year.

As of 30 June 2019, Cofina's nominal net debt was 42.2 million Euro, which corresponds to a 2.5 million Euro increase comparatively to the nominal net debt recorded in the end of 2018 and a reduction of 0.8 million Euro over the nominal net debt recorded in the end of the first quarter of 2019.

This increase, besides seasonal effects, is related with investments made, mainly, in the TV segment, namely new studios and the development of new business initiatives.

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.

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 2018 and it is available on our website (www.cofina.pt).

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 2019 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 2019, the Directors inform that the shares they held were as follows:

Paulo Jorge dos Santos Fernandes ^(a)	14,235,474
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)	10,277,248
Ana Rebelo de Carvalho Menéres de Mendonça ^(e)	20,488,760

^(a) – The 14,235,474 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 CADERNO AZUL 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 10,277,248 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 INVESTIMENTOS, S.A., in which Ana Rebelo de Carvalho Menéres de Mendonça is director and majority shareholder.

As of 30 June 2019, the Statutory Auditor and the members of the Shareholders’ Meeting and of the Statutory Audit Board held no shares of the Company.

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 notifications received until 30 June 2019, are as follows:

	No of shares held on 30-Jun-2019	% 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 Autêntico, S.A. (of which he is dominant shareholder and director)	10,277,248	10.02%
Total attributable	10,277,248	10.02%
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)	14,235,474	13.88%
Total attributable	14,235,474	13.88%
João Manuel Matos Borges de Oliveira		
Through Caderno Azul, S.A. (of which he is shareholder and director)	15,400,000	15.01%
Total attributable	15,400,000	15.01%
Ana Rebelo Carvalho Menêres de Mendonça		
Through Promendo Investimentos, 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.

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 31, 2019

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 2019



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 1H2019

II. Appendix to the Management Report

Article 14 of Portuguese Securities Market Commission (CMVM) Regulation no. 5/2008 and Article 19 of Regulation (UE) no. 596/2014 of European Parliament and of the Council of 16 April 2014

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 on			Shares held on
	31-Dec-2018	Acquisitions	Disposals	30-Jun-2019
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL, S.A.)	14,235,474	-	-	14,235,474
João Manuel Matos Borges de Oliveira (imputation through CADERNO AZUL, 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 AUTÊNTICO, S.A.)	10,277,248	-	-	10,277,248
Ana Rebelo Mendonça (imputation through PROMENDO INVESTIMENTOS, S.A.)	20,488,760	-	-	20,488,760

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

30 June 2019



FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2019 AND 31 DECEMBER 2018

(Translation of financial statements originally issued in Portuguese - Note 17)

(Amounts expressed in Euro)

ASSETS	Notes	30.06.2019	31.12.2018
NON CURRENT ASSETS			
Tangible assets		3,105,506	2,747,887
Goodwill	5	83,977,180	83,977,180
Intangible assets		82,051	299,531
Right of use	3	11,234,008	-
Investments in associated companies	4	3,410,508	3,434,890
Other financial investments	4	5,510	5,510
Other non current assets		60,246	51,919
Deferred tax assets	3	1,172,455	595,271
Total non current assets		103,047,464	91,112,188
CURRENT ASSETS			
Inventories		1,675,580	1,349,795
Customers		6,552,186	5,820,863
Contract assets		4,032,488	4,149,321
State and other public entities		1,898	1,000
Other current debtors		2,274,670	375,912
Other current assets		1,323,852	2,954,688
Cash and cash equivalents	7	14,911,247	6,624,512
Total current assets		30,771,921	21,276,091
TOTAL ASSETS		133,819,385	112,388,279
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	25,641,459	25,641,459
Share premium account	8	15,874,835	15,874,835
Legal reserve	8	5,409,144	5,409,144
Other reserves	3	(10,802,272)	(15,577,084)
Consolidated net profit / (loss) for the period attributable to the parent company		3,015,470	6,653,405
Total equity attributable to equity holders of the parent company		39,138,636	38,001,759
Non-controlling interests		-	-
TOTAL EQUITY		39,138,636	38,001,759
LIABILITIES			
NON CURRENT LIABILITIES			
Lease liability	3	10,347,972	-
Other non current creditors		25,771	25,771
Provisions	6	4,535,000	4,535,000
Total non current liabilities		14,908,743	4,560,771
CURRENT LIABILITIES			
Bank loans	7 and 9	5,506,657	177,809
Other loans	9	51,787,224	46,120,428
Suppliers		8,746,778	10,718,928
Contract liabilities		2,223,285	3,027,856
Lease liability	3	2,599,218	-
Income tax		1,569,201	-
Other current creditors		2,835,094	3,725,230
Other current liabilities		380,494	1,424,497
Total current liabilities		4,124,055	4,631,001
TOTAL LIABILITIES		79,772,006	69,825,749
TOTAL EQUITY AND LIABILITIES		133,819,385	112,388,279

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

The Chartered Accountant

The Board of Directors

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE
FOR THE SIX AND THREE MONTHS PERIODS ENDED 30 JUNE 2019 AND 2018
 (Translation of financial statements originally issued in Portuguese - Note 17)
 (Amounts expressed in Euro)

	Notes	Semester ended at		Quarter ended at	
		30.06.2019	30.06.2018 restated *	30.06.2019	30.06.2018 restated *
Sales	13	20,948,462	21,233,752	10,555,944	10,841,505
Services rendered	13	12,845,481	13,093,414	7,110,401	7,527,137
Other operating income	13	8,902,843	10,078,014	4,881,411	5,249,667
Cost of sales		(4,959,014)	(4,788,126)	(2,379,597)	(2,541,011)
External supplies and services		(16,678,664)	(19,241,693)	(8,744,499)	(9,607,189)
Payroll expenses		(13,075,877)	(13,260,543)	(6,684,444)	(6,868,560)
Amortisation and depreciation		(1,811,053)	(838,244)	(905,535)	(418,645)
Provisions and impairment losses		(160,687)	(167,284)	(83,762)	(100,445)
Other operating expenses		(80,618)	(76,253)	(40,685)	616
Gains / (losses) in associated companies	10	(24,382)	(414,102)	72,101	(216,339)
Financial expenses	10	(1,153,507)	(958,840)	(600,249)	(496,303)
Financial income	10	571	10,976	571	3,286
Profit before income tax from continuing operations		4,753,555	4,671,071	3,181,658	3,373,719
Income tax	6	(1,738,085)	(1,774,132)	(1,087,585)	(1,295,673)
Net consolidated profit from continuing operations		3,015,470	2,896,939	2,094,073	2,078,046
Net profit / (loss) from discontinued operations		-	(253,295)	-	(70,679)
Net consolidated profit for the period		3,015,470	2,643,644	2,094,073	2,007,367
Attributable to:					
Shareholders of the parent company		3,015,470	2,643,644	2,094,073	2,007,367
Continuing operations		3,015,470	2,896,939	2,094,073	2,078,046
Discontinued operations		-	(253,295)	-	(70,679)
Earnings per share:					
From continuing operations					
Basic	12	0.03	0.03	0.02	0.02
Diluted	12	0.03	0.03	0.02	0.02

* According to IFRS 5

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX AND THREE MONTHS PERIODS ENDED 30 JUNE 2019 AND 2018
(Translation of financial statements originally issued in Portuguese - Note 17)
(Amounts expressed in Euro)

	<u>Semester ended at</u>		<u>Quarter ended at</u>	
	<u>30.06.2019</u>	<u>30.06.2018</u> <u>restated *</u>	<u>30.06.2019</u>	<u>30.06.2018</u> <u>restated *</u>
Profit / (loss) for the period	3,015,470	2,643,644	2,094,073	2,007,367
Other comprehensive income:				
Items that will be reclassified to net income:				
Exchange differences on translation of foreign operations	-	(47,124)	-	(3,234)
Total comprehensive income for the period	<u>3,015,470</u>	<u>2,596,520</u>	<u>2,094,073</u>	<u>2,004,133</u>
Attributable to:				
Shareholders of the parent company	3,015,470	2,596,520	2,094,073	2,004,133
Non-controlling interests	-	-	-	-

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

The Chartered Accountant

The Board of Directors

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIODS ENDED AS OF 30 JUNE 2019 AND 2018
 (Translation of financial statements originally issued in Portuguese - Note 17)
 (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 rate	Other reserves	Net profit / (loss)			Total
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 legal reserve and retained earnings	-	-	-	-	5.067.102	(5.067.102)	-	-	-
Changes in reserves and non-controlling interests	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(47.124)	-	2.643.644	2.596.520	-	2.596.520
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>2.643.644</u>	<u>33.501.259</u>	<u>-</u>	<u>33.501.259</u>
Balance as of 1 January 2019	25.641.459	15.874.835	5.409.144	-	(15.577.084)	6.653.405	38.001.759	-	38.001.759
IFRS 16 adoption effect	-	-	-	-	(1.878.572)	-	(1.878.572)	-	(1.878.572)
Balance as of 1 January 2019 restated	25.641.459	15.874.835	5.409.144	-	(17.455.656)	6.653.405	36.123.187	-	36.123.187
Appropriation of consolidated net result for 2018:									
Transfer to legal reserve and retained earnings	-	-	-	-	6.653.405	(6.653.405)	-	-	-
Changes in reserves and non-controlling interests	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	(21)	-	(21)	-	(21)
Total comprehensive income for the period	-	-	-	-	-	3.015.470	3.015.470	-	3.015.470
Balance as of 30 June 2019	<u>25.641.459</u>	<u>15.874.835</u>	<u>5.409.144</u>	<u>-</u>	<u>(10.802.272)</u>	<u>3.015.470</u>	<u>39.138.636</u>	<u>-</u>	<u>39.138.636</u>

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

The Chartered Accountant

The Board of Directors

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

CONDENSED CONSOLIDATED STATEMENTS OF CASH-FLOWS
FOR THE SIX AND THREE MONTHS PERIODS ENDED 30 JUNE 2019 AND 2018
 (Translation of financial statements originally issued in Portuguese - Note 17)
 (Amounts expressed in Euro)

	Notes	Semester ended at		Quarter ended at	
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
Operating activities:					
<i>Cash flow from operating activities (1)</i>		<u>2,557,085</u>	<u>3,443,032</u>	<u>1,308,544</u>	<u>3,077,234</u>
Investment activities:					
Collections relating to:					
Interest and similar income		-	49,555	-	49,263
Dividends		-	-	-	-
Loans granted		-	50,000	-	-
Financial investments		-	81,175	-	49,263
Payments relating to:					
Financial investments	7	-	(300,000)	-	(70,000)
Tangible assets		(1,149,311)	(187,989)	(243,859)	(101,604)
Intangible assets		(125,920)	(157,445)	(86,635)	(71,511)
Loans granted		(1,000,000)	(70,000)	-	-
<i>Cash flow from investment activities (2)</i>		<u>(2,275,231)</u>	<u>(715,434)</u>	<u>(330,494)</u>	<u>(243,115)</u>
Financing activities:					
Collections relating to:					
Loans obtained		35,000,000	20,500,000	5,000,000	20,500,000
Payments relating to:					
Interest and similar costs		(498,624)	(814,686)	(52,996)	(189,421)
Lease contracts amortizations		(2,325,343)	(40,783)	(202,209)	(20,392)
Loans obtained		(29,500,000)	(20,504,116)	-	(20,501,308)
<i>Cash flow from investment activities (3)</i>		<u>2,676,033</u>	<u>(859,585)</u>	<u>4,744,795</u>	<u>(211,120)</u>
Cash and cash equivalents at the beginning of the period	7	6,446,703	3,449,463	3,681,745	2,825,336
Effect of currency exchange differences		-	(870)	-	(261)
Variations of cash and cash equivalents: (1)+(2)+(3)		<u>2,957,887</u>	<u>2,048,743</u>	<u>5,722,845</u>	<u>2,672,261</u>
Cash and cash equivalents at the end of the period	7	<u>9,404,590</u>	<u>5,497,336</u>	<u>9,404,590</u>	<u>5,497,336</u>

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

The Chartered Accountant

The Board of Directors

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

1. INTRODUCTION

Cofina, SGPS, S.A. (“Cofina” or “Company”) is a public company, with headquarters located at Rua Manuel Pinto de Azevedo, 818, in Porto and has its shares listed on 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 (written press and TV).

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 2019, the Group developed its activity only in Portugal.

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 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 2019 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 2018, except for the adoption of IFRS 16 detailed below.

3. CHANGES IN ACCOUNTING POLICIES AND COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The comparability of the consolidated financial statements as of 30 June 2019, 31 December 2018 and 30 June 2018 was affected by the adoption of IFRS 16 – Leases as of 1 January 2019.

The Group opted for the modified retrospective model foreseen in paragraphs 16.C5 (b) and C7 of IFRS 16. Regarding the measurement of the right of use, the measurement method of those assets was analysed lease by lease, and the Group opted for the measurement foreseen in paragraph 16.C8 (b).ii), except for the contract lease of Cofina Media headquarter, which was measured according the foreseen in paragraph 16.C8 (b).i). The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Group present assets “Right of use” and “Lease liability” in captions properly segregated in the financial position statement.

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

The liabilities recorded as “Lease liability” correspond to the actual value, as of 1 January 2019, of the remaining lease payments from contracts previously classified as operational leases, as stated at IAS 17, and do not correspond to short-term leases or “low-value” leases, accordingly to IFRS 16.

The most significant impact of the IFRS 16 adoption refers to the lease contracts of subsidiary Cofina Media’s headquarters.

If this standard had not been adopted, the main changes in the consolidated financial statements as of 30 June 2019 would be as follows:

ASSETS	30.06.2019	IFRS 16	30.06.2019 without IFRS 16 effect
NON CURRENT ASSETS			
Right of use	11,234,008	11,234,008	-
Deferred tax assets	1,172,455	577,184	595,271
Total non current assets	103,047,464	11,811,192	595,271
CURRENT ASSETS			
Other assets	1,323,852	(852,081)	2,175,933
Total current assets	30,771,921	(852,081)	31,624,002
TOTAL ASSETS	133,819,385	10,959,111	122,860,274
EQUITY AND LIABILITIES			
EQUITY			
Other reserves	(10,802,272)	(1,878,572)	(8,923,700)
Consolidated net profit / (loss)	3,015,470	(109,507)	3,124,977
Total equity attributable to the equity holders of the parent company	39,138,636	(1,988,079)	41,126,715
TOTAL EQUITY	39,138,636	(1,988,079)	41,126,715
LIABILITIES			
NON CURRENT LIABILITIES			
Lease liability	10,347,972	10,347,972	-
Total non current liabilities	14,908,743	10,347,972	4,560,771
CURRENT LIABILITIES			
Lease liability	2,599,218	2,599,218	-
Total current liabilities	79,772,006	2,599,218	77,172,788
TOTAL LIABILITIES	94,680,749	12,947,190	81,733,559
TOTAL EQUITY AND LIABILITIES	133,819,385	10,959,111	122,860,274

	30.06.2019	IFRS 16	30.06.2019 without IFRS 16 effect
External supplies and services	(16,678,664)	1,227,481	(17,906,145)
Amortisation and depreciation	(1,811,053)	(917,264)	(893,789)
Other expenses	(80,618)	4,279	(84,897)
Financial expenses	(1,153,507)	(455,795)	(697,712)
Profit before income tax from continuing operations	4,753,555	(141,299)	4,894,854
Income tax	(1,738,085)	31,792	(1,769,877)
Consolidated net profit for the period from continuing operations	3,015,470	(109,507)	3,124,977

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(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 2019 and 31 December 2018 are as follows:

Designation	Headquarters	Percentage participation held	Activity
<u>Parent company:</u>			
Cofina, SGPS, S.A.	Porto		Investment management
<u>Cofina Media Grup</u>			
Cofina Media, S.A. ("Cofina Media")	Lisboa	100.00%	Newspapers and magazines 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%	Newspapers print

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 2019 are as follows:

Designation	Headquarters	Percentage participation held		Activity
		Direct	Indirect	
VASP – Sociedade de Transportes e Distribuições, Lda.	Lisboa	33.33%	-	Publications distribution
A Nossa Aposta – Jogos e Apostas On-line, S.A. ("A Nossa Aposta").	Lisboa	40%	-	Online gambling and betting activity
Mercados Globais – Publicação de Conteúdos, Lda.	V.N. Gaia	50%	-	Management services and promotion of a financial forum on the internet

Associated companies were included in the consolidation financial statements in accordance with the equity method.

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

Investments in associated companies

The acquisition cost of the associated companies and their book value as of 30 June 2019 are as follows:

<u>Designation</u>	<u>Acquisition Cost</u>	<u>Book Value</u>
VASP – Sociedade de Transportes e Distribuições, Lda.	€ 6,234	€ 2,913,385
A Nossa Aposta – Jogos e Apostas On-line, S.A.	€ 3,000,000	€ 473,108
Mercados Globais – Publicação de Conteúdos, Lda.	€ 72,000	€ 6,015

As of 30 June 2019 and 31 December 2018 the caption “Investments in associated companies” can be detailed as follows:

	<u>30.06.2019</u>	<u>31.12.2018</u>
Financial Investment (a)		
VASP	2,931,385	3,023,740
A Nossa Aposta	473,108	405,135
Mercados Globais - Publicação de Conteúdos, Lda.	6,015	6,015
	<u>3,410,508</u>	<u>3,434,890</u>

(a) - includes supplementary contributions

Other financial investments

As of 30 June 2019 and 31 December 2018 the Group has other financial investments corresponding to non-controlling investments in unlisted companies. The Group has recorded impairment losses to face differences to the net realizable amount, presenting this caption, as of those dates, a net book value of 5,510 Euro. As of 30 June 2019 and as of 31 December 2018 the total investments for which impairment losses were recorded amount to 171,754 Euro.

5. GOODWILL

During the six months periods ended 30 June 2019 and 2018 there were no changes in the caption “Goodwill”.

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

6. INCOME TAX

Income taxes recognized in the income statement as of 30 June 2019 and 2018 refer mainly to the income tax estimate for the year.

As of 30 June 2019 and 2018, 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, 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 nonacceptance 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 2019 and 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.

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

7. CASH AND CASH EQUIVALENTS

As of 30 June 2019, 31 December 2018 and 30 June 2018, the caption “Cash and cash equivalents” can be detailed as follows:

	30.06.2019	31.12.2018	30.06.2018
Cash	66,564	64,733	73,080
Bank deposits repayable on demand	14,844,683	6,559,779	11,112,996
Cash and cash equivalents within balance sheet	14,911,247	6,624,512	11,186,076
Bank overdrafts (note 9)	(5,506,657)	(177,809)	(5,688,740)
Cash and cash equivalents	9,404,590	6,446,703	5,497,336

Payments related to financial investments in the period ended June 30, 2018 refer to supplementary capital contributions granted to the associated company A Nossa Aposta.

8. SHARE CAPITAL

As of 30 June 2019 and 2018, 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

The caption “Bank loans” as of 30 June 2019 and 31 December 2018 refers to bank overdrafts (Note 7).

As of 30 June 2019 and 31 December 2018, the caption “Other loans” was made up as follows:

	30.06.2019			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loan	16,747,352	-	16,666,667	-
Commercial paper	35,039,872	-	35,000,000	-
	<u>51,787,224</u>	<u>-</u>	<u>51,666,667</u>	<u>-</u>

	31.12.2018			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loan	16,617,753	-	16,666,667	-
Commercial paper	29,502,675	-	29,500,000	-
	<u>46,120,428</u>	<u>-</u>	<u>46,166,667</u>	<u>-</u>

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

Bond loan

As of 30 June 2019, this caption refers to a bond loan denominated “Obrigações Cofina SGPS – 2013/2019”, amounting to 16,666,667 Euro, issued by Cofina SGPS, S.A. recorded in accordance with the effective interest rate method, with a book value of 16,747,352 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 spread of 3.8%.

Commercial paper

The liability caption “Commercial Paper” relates to five commercial paper programs, with guaranteed subscription by the banks, in the maximum amounts of 15,000,000 Euro, 15,000,000 Euro, 7,000,000 Euro, 5,000,000 Euro and 5,000,000 Euro, which bear interests at market rates. These commercial paper programs mature in September 2021, July 2019, April 2020, November 2021 and September 2022, respectively.

10. FINANCIAL RESULTS

Financial results for the six months' periods ended as of 30 June 2019 and 2018 are made up as follows:

	30.06.2019	30.06.2018 restated
<u>Financial expenses</u>		
Interest paid	872,220	708,966
Commissions	271,901	239,478
Other financial expenses	9,386	10,396
<u>Losses in associated companies</u>		
Application of the equity method	24,382	414,102
	<u>1,177,889</u>	<u>1,372,942</u>
<u>Financial income</u>		
Interest received	571	10,976
	<u>571</u>	<u>10,976</u>

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

11. GUARANTEES

As of 30 June 2019, Cofina 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 e Aduaneira”) as a guarantee of the ongoing income tax claims.

As of 30 June 2019, Cofina Media group companies had assumed responsibilities for guarantees granted amounting to 222,355 Euro related to its advertising activities and ongoing tax and civil proceedings.

12. EARNINGS PER SHARE

Earnings per share for the six months periods ended as of 30 June 2019 and 2018 were determined taking into consideration the following amounts:

	30.06.2019	30.06.2018 restated
Net profit / (loss) considered for the computation of basic and diluted earnings	3,015,470	2,643,644
Weighted average number for shares used to be compute the basic earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.03	0.03
Diluted	0.03	0.03

13. SEGMENT INFORMATION

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

- Press
- Television

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

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

The information for the six months periods ended as of 30 June 2019 and 2018 is detailed as follows:

	Press	Television	Consolidation adjustments and elimination	Total
30.06.2019				
Net operating income	35,546,827	7,149,959	-	42,696,786
Operating cash-flows - EBITDA (a)	6,104,740	1,637,186	-	7,741,926
Amortisation and depreciation	(1,592,219)	(218,834)	-	(1,811,053)
Operating profit (EBIT)	3,335,203	1,418,352	-	4,753,555
			Consolidation adjustments and elimination	Total
30.06.2018 restated	Press	Television		
Net operating income	38,783,528	5,621,652	-	44,405,180
Operating cash-flows - EBITDA (a)	5,786,862	1,084,419	-	6,871,281
Amortisation and depreciation	(662,859)	(175,385)	-	(838,244)
Operating profit (EBIT)	3,762,037	909,034	-	4,671,071

(a) – EBITDA: earnings before interests and taxes, depreciations and amortisations

14. NET PROFIT APPROPRIATION

Regarding the 2018 financial year, the Board of Directors proposed in its annual report that the individual net profit of Cofina, SGPS, S.A. amounting to 1,966,504.21 Euro would be transferred to Free Reserves. That proposal was approved in the Annual Shareholders' General Meeting held on May 28, 2019.

15. INTERIM FINANCIAL STATEMENTS APPROVAL

The interim financial statements as of 30 June 2019 were approved by the Board of Directors for issuance on July 31, 2019.

16. SUBSEQUENT EVENTS

In a press release issued on August 14, 2019, Cofina disclosed the existence of negotiations with Promotora de Informaciones, S.A. ("Prisa"), on an exclusive basis, with a view to the acquisition of its participation in Grupo Média Capital, SGPS, S.A..

On September 20, 2019, a share purchase agreement was signed with Prisa for the acquisition of shares representing 100% of the share capital of Vertix, SGPS, S.A. ("Vertix"), which holds shares representing 94.69% (ninety-four point sixty-nine per cent) of the voting rights of Grupo Média Capital, SGPS, S.A..

The share purchase agreement is subject to the following suspensive conditions:

- i. non-opposition by the Competition Authority ("Autoridade da Concorrência");
- ii. authorization from the Portuguese Regulatory Authority for the Media ("Entidade Reguladora para a Comunicação Social – ERC");
- iii. approval by Prisa's General Meeting of the transaction provided in the Share Purchase Agreement;
- iv. approval of the transaction provided in the share purchase and agreement, to be provided by Prisa's lenders, in accordance with the terms and conditions of financing to which Prisa and Vertix are parties;
- v. approval and execution of one or more increases of Cofina's share capital by new cash inflows, in the amount required to, together with the bank financing portion to be contracted by Cofina, to finance the acquisition of Prisa's stake in Vertix, and subsequent registration of the capital increase at the Commercial Registry Office.

FINANCIAL INFORMATION 1H2019

Consolidated financial statements and notes

(Translation of financial statements originally issued in Portuguese – Note 17)

(Amounts expressed in Euro)

Following the execution of this agreement, Cofina made public, on 21 September 2019, the decision to launch a general and voluntary public tender offer for the acquisition of all the shares representing the share capital of Grupo Média Capital, SGPS, S.A.

17. EXPLANATION ADDED FOR TRANSLATION

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.



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