

REPORT AND ACCOUNTS

30 June 2017

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

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MANAGEMENT REPORT

30 JUNE 2017



REPORT AND ACCOUNTS 1H2017

I. Management Report

To the Shareholders

Pursuant to the legal requirements, the Board of Directors of Cofina, SGPS., S.A. (Public Company) hereby presents its Report and Accounts for the first semester of 2017.

INTRODUCTION

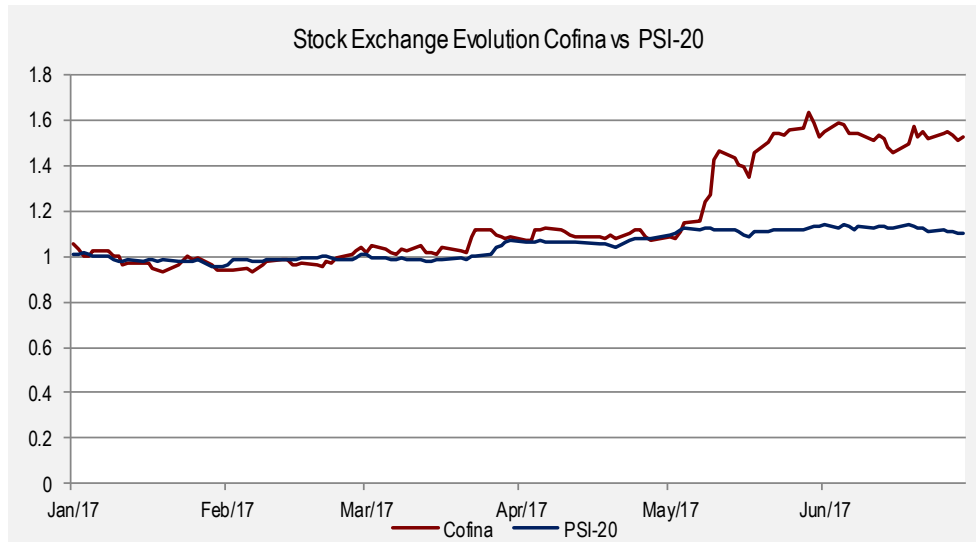
The year 2017 has turned out to be a difficult year for circulation and advertising revenues, counteracting the recovery trend that seemed to be a possibility in 2016.

Despite the extremely adverse scenario, the Group continued to maintain leadership of its main products in terms of market share.

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.)

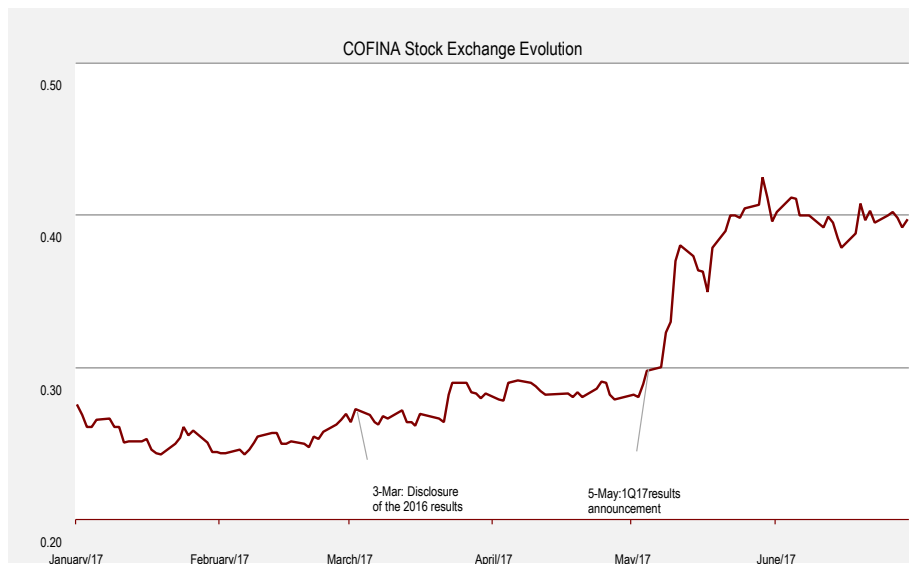
In the first half of 2017, the national stock index (PSI-20) appreciated around 10.1% compared to the end of 2016, while Cofina shares appreciated 52.7%.



As of June 30 2017, Cofina's shares closing price was 0.397 Euro per share corresponding to a market capitalization of 40.7 million Euro.

In the first half of 2017, Cofina's shares were traded at the highest price of 0.425 Euro and at the lowest price of 0.243 Euro. In total, 18,552,225 shares were traded.

The most significant events that affected Cofina's shares in the first semester of 2017 can be detailed as follows:



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- In the announcement relating to the Group's performance in 2016, disclosed on March 3, Cofina presented a net consolidated profit of 4.3 million Euro. Operating income decreased 0.7% amounting to 99.9 million Euro and EBITDA stood at 13.5 million Euro. On this day the stocks closed at 0.273 Euro per share;
- On May 5 2017, the announcement relating the presentation of the financial statements for the first quarter of 2017, Cofina SGPS, S.A. presented an operating income of 20.6 million Euro, an EBITDA of 2.3 million Euro and a net consolidated profit of 648 thousand Euro.

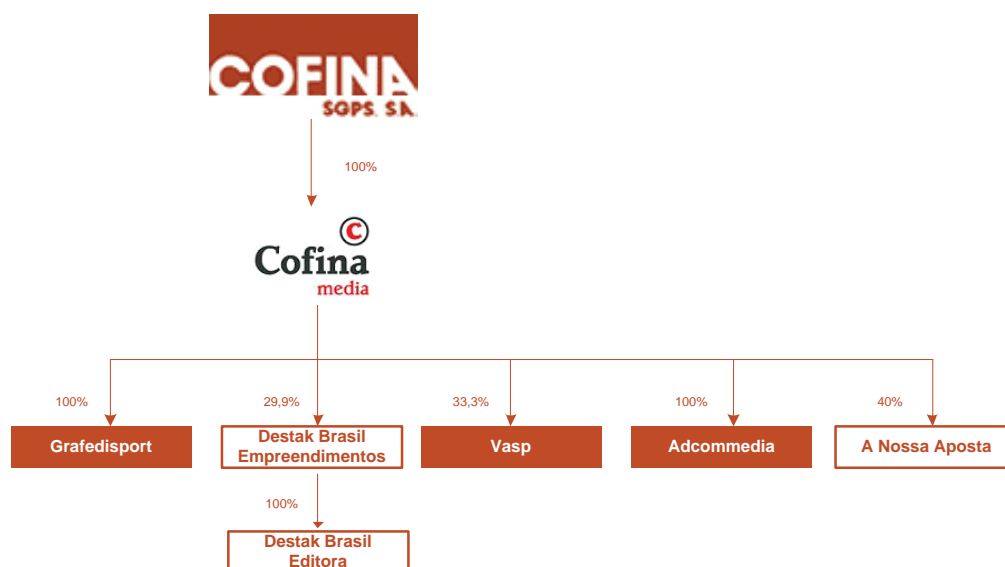
COMPANY ACTIVITY

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" and "Metro", 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.

Cofina Group's complete structure of participations as of 30 June 2017 is as follows:



According to the data provided by APCT ("Associação Portuguesa para o Controlo de Tiragem e Circulação") for the first four months of 2017, "Correio da Manhã" is the most sold newspaper in Portugal, with an average of more than 91 thousand copies sold daily. According to the data provided by this certifying entity, "Correio da Manhã" has a market share of 50% (regarding the daily paid generic newspapers segment). "Correio da Manhã" has been keeping its leadership, year after year, despite the generalized decrease on paid circulation in other titles of the same segment.

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I. Management Report

FINANCIAL REVIEW

The consolidated financial information of Cofina for the 1st half of 2017, prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), can be presented as follows:

(amounts in thousand of Euro)	1H 2017	1H 2016	Var (%) 1H17/1H16
Consolidated operating revenue	43,991	48,471	-9.2%
Circulation	22,810	25,329	-9.9%
Advertising	14,454	15,147	-4.6%
Alternative marketing products and others	6,727	7,995	-15.9%
Operating income by segment	43,991	48,471	-9.2%
Newspapers	37,117	39,905	-7.0%
Magazines	6,874	8,566	-19.8%
Operating Expenses (a)	38,368	42,030	-8.7%
Consolidated EBITDA (b)	5,623	6,441	-12.7%
EBITDA Margin	12.8%	13.3%	-0.5 p.p.
Newspapers EBITDA	6,286	7,016	-10.4%
Newspapers EBITDA Margin	16.9%	17.6%	-0.7 p.p.
Magazines EBITDA	-663	-575	-15.3%
Magazines EBITDA Margin	-9.6%	-6.7%	-2.9 p.p.
Restructuring Costs	2,000	-	ss
Consolidated EBITDA after restructuring costs	3,623	6,441	-43.8%
Amortisation and depreciation (-)	923	1,265	-27.0%
EBIT	2,700	5,176	-47.8%
EBIT Margin	6.1%	10.7%	-4.6 pp
Net financial income / (loss)	(1,482)	(1,588)	-6.7%
Income before taxes and non-controlling interests	1,218	3,588	-66.1%
Income taxes (-)	500	1,248	-59.9%
Net consolidated profit / (loss)	718	2,340	-69.3%

(a) Operating expenses excluding amortisation

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

The period in question was characterised by a decrease in total revenues compared to the same period of last year (-9%), with a decrease in all its components: circulation revenues (-10%), advertising revenues (-5%) and alternative marketing products and others (-16%).

In an adverse context, Cofina is implementing a restructuring plan to prepare the Group for current and future reality, ensuring its sustainability as well as acceptable levels of profitability. The plan goes through the optimisation of the structure and product portfolio. Therefore, 2 million Euro of restructuring costs were included in the first semester's financial statements.

EBITDA, before restructuring costs, reached approximately 6.4 million Euro, representing a decrease of 13% compared to the same period of last year.

Consolidated net profit reached approximately 0.7 million Euro.

As of June 30, 2017, the nominal net debt of Cofina amounted to 56 million Euro.

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I. Management Report

In operational terms, Cofina is developing new business units, especially an online gaming platform, which is currently being approved and should be operational during the second half of 2017.

The main indicators of the core business segments, excluding restructuring costs, are as follows:

Newspapers Segment:

(amounts in thousand of Euro)	1H 2017	1H 2016	Var (%) 1H17/1H16
Operating income	37,117	39,905	-7.0%
Circulation	19,123	20,605	-7.2%
Advertising	12,381	12,567	-1.5%
Alternative marketing products and others	5,613	6,733	-16.6%
Operating expenses (a)	30,831	32,889	-6.3%
EBITDA (b)	6,286	7,016	-10.4%
EBITDA Margin	16.9%	17.6%	-0.7 p.p.

(a) Operating expenses excluding amortisation

(b) EBITDA = Earnings before taxes, financial results and depreciation and amortization

The newspapers segment of Cofina recorded, in the first semester of 2017, a total income of 37.1 million Euro, which represents a decrease of 7% when compared with the homologous period. The circulation income recorded a decrease of about 7% reaching 19.1 million Euro; the advertising income recorded a decrease of about 1.5% reaching 12.4 million Euro; whilst the revenue from alternative marketing products and others recorded a decrease of 17%, reaching approximately 5.6 million Euro.

Therefore, EBITDA of the newspaper segment reached in the period under analysis amounted to 6.3 million Euro, a decrease of approximately 10%, when compared with the same period. The EBITDA margin amounted to 16.9%.

The newspapers segment includes the results of the "Correio da Manhã TV" channel, which has consistently beaten audience records. Thus, in the first half of 2017, CMTV recorded a 2.5% share, being the channel with the highest audience in the cable and the fourth largest Portuguese channel, behind the Free to Air, being only present in 85% of the market (it is not yet present on the Vodafone and Nowo platforms).

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I. Management Report

Magazines Segment:

(amounts in thousand of Euro)	1H 2017	1H 2016	Var (%) 1H17/1H16
Operating income	6,874	8,566	-19.8%
Circulation	3,687	4,724	-22.0%
Advertising	2,073	2,580	-19.7%
Alternative marketing products and others	1,114	1,262	-11.7%
Operating expenses (a)	7,537	9,141	-17.5%
EBITDA	-663	-575	-15.3%
EBITDA Margin	-9.6%	-6.7%	-2.9 p.p.

(a) Operating expenses excluding amortisation

(b) EBITDA = Earnings before taxes, financial results and depreciation and amortization

During the first half of 2017, total revenues in this segment reached approximately 6.9 million Euros, reflecting a decrease of around 20% over the same period of last year.

The circulation revenues decreased by 22% to around 3.7 million euro, while advertising decreased by around 20%. Revenues associated with alternative marketing products fell by 12%.

EBITDA of the magazine segment was - 663 thousand Euro.

It should be noted that, as part of the reorganization process, the printed edition of the weekly magazine Flash was closed (maintaining the online edition only), which meant non-recurring costs and less revenue compared to the same period of the previous year. On the other hand, the contract with Condé Naste was not renewed. Therefore, from September onwards, the monthly fashion magazine Vogue will no longer be published by Cofina.

OUTLOOK

The second semester 2017, in operational terms, should keep the trends from previous years, taking into account the structural change that is getting stronger in the media sector.

In this context, Cofina has been developing a cost reduction and restructuring plan focused in the areas most affected by this transformation and that will continue in the second semester of 2017.

CORPORATE GOVERNANCE

In compliance with the legal requirements in force, the Company is exempted from presenting information regarding Corporate Governance, once this information is only mandatory upon presentation with the Annual Management Report. The Annual Report about Corporate Governance is an integral part of Cofina Annual Financial Statements for year 2016 and it is available on our website (www.cofina.pt).

At this point, however, it should be noted that the Shareholders' General Meeting held on April 26, 2017 elected the corporate bodies for the 2017-2019 triennium.

Thus, they were elected to the Board of Directors for the 2017/2019 mandate:

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

For the Statutory Audit Board, it were elected the following members:

- Pedro Nuno Fernandes de Sá Pessanha da Costa – President
- António Luís Isidro de Pinho – member
- Guilherme Paulo Aires da Mota Correia Monteiro – member
- André Seabra Ferreira Pinto – Substitute

The Statutory Auditor elected for the 2017-2017 triennium was Ernst & Young Audit & Associados - SROC, S.A., represented by Rui Manuel da Cunha Vieira or Rui Abel Serra Martins.

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 2017 Cofina had no own shares and did not acquire nor sell own shares during the semester then ended.

Shares held by Cofina’s corporate board members

Pursuant to the requirements of article 447 of the Commercial Companies Code (“Código das Sociedades Comerciais”), the Directors inform that, as of 30 June 2017, the shares they held were as follows:

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

(a) – Besides 3,000,000 shares personally held, 10,386,332 shares held by ACTIUM CAPITAL – SGPS, S.A. are also attributable to Paulo Jorge dos Santos Fernandes, its director and dominant shareholder. Thus, under legal terms, a total of 13,386,332 shares, corresponding to 13.05% of the share capital and voting rights of COFINA – SGPS, S.A. are attributable to Paulo Jorge dos Santos Fernandes.

(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 – SGPS, S.A., in which Domingos José Vieira de Matos is director and majority shareholder.

(d) – 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 2017 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 1H2017

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 2017, are as follows:

	Shares held as of 30 June 2017	% of voting rights
Santander Asset Management		
Through Fundo Santander Ações Portugal	2,069,459	2.02%
Through Fundo Santander PPA	107,964	0.11%
Total attributable	2,177,423	2.12%
GNB - Sociedade Gestora de Fundos de Investimentos Mobiliário, S.A.		
Through Fundo NB - Portugal Ações	3,081,677	3.00%
Total attributable	3,081,677	3.00%
Credit Suisse Group AG		
Directly	5,039,060	4.91%
Total attributable	5,039,060	4.91%
Pedro Miguel Matos Borges de Oliveira		
Directly	7,719,360	7.53%
Total attributable	7,719,360	7.53%
Domingos José Vieira de Matos		
Through Livrefluxo - SGPS, S.A. (of which he is also director and dominant shareholder)	12,395,257	12.09%
Total attributable	12,395,257	12.09%
Paulo Jorge dos Santos Fernandes		
Through Actium Capital - SGPS, S.A. (of which he is also director and dominant shareholder)	10,386,332	10.13%
Directly	3,000,000	2.92%
Total attributable	13,386,332	13.05%
João Manuel Matos Borges de Oliveira		
Through INDAZ, S.A. (of which he is also director)	15,400,000	15.01%
Total attributable	15,400,000	15.01%
Ana Rebelo de Carvalho Menéres de Mendonça		
Through PROMENDO - SGPS, S.A. (of which she is also director and dominant shareholder)	20,488,760	19.98%
Total attributable	20,488,760	19.98%

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

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, 27 July 2017

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 2017



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 1H2017

II. Appendix to the Management Report

ARTICLE 447 OF THE COMMERCIAL COMPANIES CODE AND ARTICLE 14, PARAGRAPH 7, OF PORTUGUESE SECURITIES REGULATOR (CMVM) REGULATION NO. 5/2008

Disclosure of shares and other securities held by members of the Board of Directors and Officers, as well as people closely related, under the Article 248 B of the Securities Code, and transactions over these shares that took place on the period under analysis.

Members of the Board of Directors	Shares held at 31-Dec-			Shares held at 30-Jun-
	2016	Acquisitions	Disposals	2017
Paulo Jorge dos Santos Fernandes	-	3,000,000	-	3,000,000
Paulo Jorge dos Santos Fernandes (imputation through ACTIUM CAPITAL - SGPS, S.A)	13,386,332	-	(3,000,000)	10,386,332
João Manuel Matos Borges de Oliveira (imputation through INDAZ, S.A)	15,400,000	-	-	15,400,000
Domingos José Vieira de Matos (imputation through LIVREFLUXO - SGPS, S.A)	12,395,257	-	-	12,395,257
Pedro Miguel Matos Borges de Oliveira	7,719,360	-	-	7,719,360
Ana Rebelo Mendonça (imputation through PROMENDO - SGPS, S.A)	20,488,760	-	-	20,488,760

Paulo Jorge dos Santos Fernandes

Date	Nature	Volume	Price (€)	Local	N.º shares
31 December 2016	-	-	-	-	-
11 May 2017	Acquisition	3,000,000	0.330000	-	3,000,000
30 June 2017	-	-	-	-	3,000,000

Paulo Jorge dos Santos Fernandes (Attributed via ACTIUM CAPITAL - SGPS, S.A.)

Date	Nature	Volume	Price (€)	Local	N.º shares
31 December 2016	-	-	-	-	13,386,332
11 May 2017	Sale	(3,000,000)	0.330000	-	10,386,332
30 June 2017	-	-	-	-	10,386,332

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2017



REPORT AND ACCOUNTS 1H2017

Consolidated financial statements and notes

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

(Amounts expressed in Euros)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 JUNE 2017 AND 31 DECEMBER 2016

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

(Amounts expressed in Euro)

<u>ASSETS</u>	<u>Notes</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
NON CURRENT ASSETS			
Tangible assets		2,681,540	3,169,478
Goodwill	5	84,777,180	84,777,180
Intangible assets		14,254	130,544
Investments in associated companies	4	3,381,246	3,266,782
Investments held for sale	4	9,831	9,080
Other non current assets		36,888	32,383
Deferred tax assets		547,120	547,120
Total non current assets		<u>91,448,059</u>	<u>91,932,567</u>
CURRENT ASSETS			
Inventories		1,446,486	1,808,928
Customers		9,098,170	10,223,150
State and other public entities		892,953	894,477
Other current debtors		360,201	264,777
Other current assets		6,378,348	7,181,278
Cash and cash equivalents	7	27,059,517	9,403,739
Total current assets		<u>45,235,675</u>	<u>29,776,349</u>
TOTAL ASSETS		<u>136,683,734</u>	<u>121,708,916</u>
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	8	25,641,459	25,641,459
Share premium account		15,874,835	15,874,835
Legal reserve		5,409,144	5,409,144
Exchange conversion reserve		(697,334)	(594,244)
Other reserves		(20,330,538)	(24,663,549)
Consolidated net profit/(loss) for the period attributable to the parent company		717,627	4,333,011
Equity attributable to equity holder of the parent company		<u>26,615,193</u>	<u>26,000,656</u>
Non-controlling interests		-	-
TOTAL EQUITY		<u>26,615,193</u>	<u>26,000,656</u>
LIABILITIES			
NON CURRENT LIABILITIES			
Other loans	9	33,204,916	33,158,397
Other non current creditors		156,949	33,929
Provisions		7,565,963	7,790,467
Total non current liabilities		<u>40,927,828</u>	<u>40,982,793</u>
CURRENT LIABILITIES			
Bank loans	7 and 9	6,092,545	-
Other loans	9	43,656,837	33,546,302
Suppliers		7,384,038	8,773,388
State and other public entities		3,953,639	3,107,294
Other current creditors		1,261,394	1,420,964
Other current liabilities		6,792,260	7,877,519
Total current liabilities		<u>69,140,713</u>	<u>54,725,467</u>
TOTAL LIABILITIES		<u>110,068,541</u>	<u>95,708,260</u>
TOTAL EQUITY AND LIABILITIES		<u>136,683,734</u>	<u>121,708,916</u>

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2017

Consolidated financial statements and notes

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

(Amounts expressed in Euros)

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS BY NATURE FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED 30 JUNE 2017 AND 2016

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

(Amounts expressed in Euro)

	Notes	30.06.2017	30.06.2016	2 nd Quarter 2017	2 nd Quarter 2016
Sales		22,809,610	25,328,997	11,703,245	12,684,062
Services rendered		14,454,477	15,147,150	8,070,581	8,735,787
Other operating income		6,727,235	7,994,996	3,663,640	4,466,899
Cost of sales		(4,976,056)	(6,264,976)	(2,382,910)	(3,359,468)
External supplies and services		(18,655,729)	(19,383,138)	(10,504,995)	(10,811,727)
Payroll expenses		(16,534,678)	(15,981,597)	(9,120,004)	(7,933,413)
Amortisation and depreciation		(923,026)	(1,265,011)	(461,509)	(632,501)
Provisions and impairment losses		(102,922)	(244,636)	(71,097)	(150,133)
Other operating expenses		(98,514)	(155,496)	(71,573)	(73,791)
Gains/ (losses) related with associated companies	10	(180,062)	(311,855)	195,479	(344,886)
Financial expenses	10	(1,326,888)	(1,282,792)	(692,161)	(494,997)
Financial income	10	24,933	6,353	5,917	(32,225)
Profit before income tax		1,218,380	3,587,995	334,614	2,053,607
Income tax	6	(500,753)	(1,247,842)	(265,226)	(716,115)
Net consolidated profit / (loss) for the period		717,627	2,340,153	69,388	1,337,492
Attributable to:					
Shareholders of the parent company		717,627	2,340,153	69,388	1,337,492
Non-controlling interests		-	-	-	-
Earnings per share:					
Basic	12	0.01	0.02	0.00	0.01
Diluted	12	0.01	0.02	0.00	0.01

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

The Chartered Accountant

The Board of Directors

REPORT AND ACCOUNTS 1H2017

Consolidated financial statements and notes

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

(Amounts expressed in Euros)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTH PERIODS ENDED AS OF 30 JUNE 2017 AND 2016

(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 2016	25,641,459	15,874,835	5,409,144	(1,234,642)	(28,186,288)	5,061,226	22,565,734	-	22,565,734
Appropriation of consolidated net result for 2015:									
Transfer to retained earnings	-	-	-	-	5,061,226	(5,061,226)	-	-	-
Distributed dividends	-	-	-	-	(1,538,487)	-	(1,538,487)	-	(1,538,487)
Total comprehensive income for the six months period ended 30 June 2016	-	-	-	490,685	-	2,340,153	2,830,838	-	2,830,838
Balance as of 30 June 2016	25,641,459	15,874,835	5,409,144	(743,957)	(24,663,549)	2,340,153	23,858,065	-	23,858,065
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)	-	-	-
Total comprehensive income for the six months period ended 30 June 2017	-	-	-	(103,090)	-	717,627	614,537	-	614,537
Balance as of 30 June 2017	25,641,459	15,874,835	5,409,144	(697,334)	(20,330,538)	717,627	26,615,193	-	26,615,193

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

The Chartered Accountant

The Board of Directors

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED 30 JUNE 2017 AND 2016

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

(Amounts expressed in Euro)

	<u>30.06.2017</u>	<u>30.06.2016</u>	<u>2nd Quarter 2017</u>	<u>2nd Quarter 2016</u>
Profit / (loss) for the period	717,627	2,340,153	69,388	1,337,492
Other comprehensive income:				
Items that will be reclassified to net income:				
Exchange differences on translation of foreign operations	(103,090)	490,685	(119,526)	372,237
Total comprehensive income for the period	<u>614,537</u>	<u>2,830,838</u>	<u>(50,138)</u>	<u>1,709,729</u>
Attributable to:				
Shareholders of the parent company	614,537	2,830,838	(50,138)	1,709,729
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH-FLOWS FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED 30 JUNE 2017 AND 2016

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

(Amounts expressed in Euro)

	Notes	30.06.2017	30.06.2016	2 nd Quarter 2017	2nd Quarter 2016
Operating activities					
Cash flow from operating activities (1)		3,424,481	4,771,352	2,784,527	3,746,780
Atividades de investimento:					
Collections relating to:					
Tangible assets		-	1,275	-	1,275
Interest and similar income		22,288	984	17,239	163
Dividends		180,000	200,000	180,000	200,000
		202,288	202,259	197,239	201,438
Payments relating to:					
Investments		(200,000)	(252,450)	(100,000)	-
Tangible assets		(219,142)	(371,468)	(186,802)	(179,406)
Intangible assets		(173,077)	(245,196)	(90,655)	(162,357)
Loans granted		(275,000)	(100,000)	-	-
		(867,219)	(969,114)	(377,457)	(341,763)
Cash flow from investment activities (2)		(664,932)	(766,855)	(180,218)	(140,326)
Financing activities:					
Collections relating to:					
Loans obtained		27,000,000	17,322,640	26,971,278	7,331,256
		27,000,000	17,322,640	26,971,278	7,331,256
Payments relating to:					
Interest and similar costs		(1,159,418)	(1,318,990)	(204,993)	(644,499)
Amortisation of leasing contracts		(30,706)	(30,707)	(15,353)	(15,354)
Dividends distributed		-	(1,538,487)	-	(1,538,487)
Loans obtained		(17,005,888)	(23,502,610)	(16,002,754)	(13,150,000)
		(18,196,012)	(26,390,794)	(16,223,100)	(15,348,340)
Cash flow from financing activities (3)		8,803,988	(9,068,154)	10,748,178	(8,017,084)
Cash and its equivalents at the beginning of the period	7	9,403,739	8,193,580	7,614,842	7,540,553
Effect of currency exchange differences		(304)	-	(356)	-
Variation of cash and its equivalents: (1)+(2)+(3)		11,563,537	(5,063,657)	13,352,466	(4,410,630)
Cash and its equivalents at the end of the period	7	20,966,972	3,129,923	20,966,972	3,129,923

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

The Chartered Accountant

The Board of Directors

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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 (written press).

The Cofina Group owns headings of reference in their respective segments, editing titles like newspapers “Correio da Manhã”, “Record”, “Jornal de Negócios” and “Destak”, 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 2017, 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 2017 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 2016.

3. CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF MISTAKES

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

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4. INVESTMENTS

Consolidation perimeter

The companies included in the consolidated financial statements by the full consolidation method, their headquarters, percentage of participation held and activity developed as of 30 June 2017 are as follows:

Designation	Headquarters	Percentage participation held		Activity
		Direct	Indirect	
<u>Parent company:</u>				
Cofina, SGPS, S.A.	Porto			Investment management
<u>Cofina Media Group:</u>				
Cofina Media, S.A. ("Cofina Media")	Lisbon	100.00%		Newspapers and magazine publication, television broadcast, production and creation of websites for online business development, events promotion and organization.
Grafedisport – Impressão e Artes Gráficas, S.A. ("Grafedisport")	Queluz	100.00%		Newspaper print
Adcom Media – Anúncios e Publicidade S.A. ("Adcom Media")	São Paulo, Brasil	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 2017 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, Brasil	29.90%	-	Investment management
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 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.

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Investments in associated companies

The acquisition cost of the associated companies and their book value as of 30 June 2017 are as follows:

<u>Designation</u>	<u>Acquisition Cost</u>	<u>Book value</u>
VASP – Sociedade de Transportes e Distribuições, Lda.	€ 6,234	€ 2,893,803
Destak Brasil – Empreendimentos e Participações, S.A.	€ 299,065	€ (2,968,151)
A Nossa Aposta – Jogos e Apostas On-line, S.A.	€ 550,000	€ 212,443
Mercados Globais – Publicação de Conteúdos, Lda.	€ 72,000	-

As of 30 June 2017 and 31 December 2016 the caption “Investments in associated companies” can be detailed as follows:

	<u>30.06.2017</u>	<u>31.12.2016</u>
Financial Investment		
VASP – Sociedade de Transportes e Distribuições, Lda.	2,893,803	3,073,803
Mercados Globais - Publicação de Conteúdos, Lda.	72,000	72,000
A Nossa Aposta - Jogos e Apostas Online, S.A.	212,443	192,979
	<u>3,178,246</u>	<u>3,338,782</u>
Accumulated impairment losses on investments in associated companies	(72,000)	(72,000)
	<u>3,106,246</u>	<u>3,266,782</u>
Loans granted		
Destak Brasil Empreendimentos	275,000	-
	<u>3,381,246</u>	<u>3,266,782</u>

Investments available for sale

As of 30 June 2017 and 31 December 2016 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 realizable amount, presenting this caption, as of those dates, a net book value of 9,831 Euro and 9,080 Euro, respectively. As of 30 June 2017 and as of 31 December 2016 the total investments for which adjustments were made in the same value amount to 244,439 Euro, respectively.

5. GOODWILL

During the semester ended 30 June 2017 there were no changes in the caption “Goodwill”.

During the six months’ period ended as of 30 June 2016, the movement in the caption “Goodwill” fully refers to the changes in exchange rates in the period then ended of the Goodwill attributable to the subsidiary Adcom Media.

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6. INCOME TAX

The income taxes recognized in the income statement at 30 June 2017 and 2016 refer mainly to the tax estimate for the period.

As of 30 June 2017, 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 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 2017, 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) favorable decision in the case of the dividends and (ii) an unfavorable 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.

7. CASH AND CASH EQUIVALENTS

As of 30 June 2017, 31 December 2016 and 30 June 2016, the caption “Cash and cash equivalents” can be detailed as follows:

	30.06.2017	31.12.2016	30.06.2016
Cash	67,614	65,349	66,428
Bank deposits repayable on demand	26,991,903	9,338,390	3,063,495
Cash and cash equivalents	27,059,517	9,403,739	3,129,923
Bank overdraft (Note 9)	(6,092,545)	-	-
Cash and cash equivalents	20,966,972	9,403,739	3,129,923

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8. SHARE CAPITAL

As of 30 June 2017, 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" at 30 June 2017 refers to bank overdrafts (Note 7).

As of 30 June 2017 and 31 December 2016, the caption "Other loans" was made up as follows:

	30.06.2017			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loans	16,666,667	33,204,916	16,666,667	33,333,333
Commercial paper	26,990,170	-	27,000,000	-
	<u>43,656,837</u>	<u>33,204,916</u>	<u>43,666,667</u>	<u>33,333,333</u>
	31.12.2016			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loans	16,579,199	33,158,397	16,666,667	33,333,333
Commercial paper	16,967,103	-	17,000,000	-
	<u>33,546,302</u>	<u>33,158,397</u>	<u>33,666,667</u>	<u>33,333,333</u>

Bond loans

As of 30 June 2017, the liability caption "Bond Loans" refers to a bond loan denominated "Obrigações Cofina SGPS – 2013/2019", amounting to 50,000,000 Euro, issued by Cofina SGPS, S.A. recorded in accordance with the effective interest rate method, with a book value of 49,871,583 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%.

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Commercial paper

The liability caption “Commercial Paper” relates to three commercial paper programs, in the maximum amounts of 15,000,000 Euro, 5,000,000 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, November 2018 and April 2020, respectively.

10. FINANCIAL RESULTS

The financial income and expenses for the six months' periods ended as of 30 June 2017 and 2016 are made up as follows:

	30.06.2017	30.06.2016
<u>Financial expenses</u>		
Interest paid	1,046,175	972,507
Commissions	269,117	297,844
Other financial expenses	11,596	12,441
<u>Gains and Losses in associated companies</u>		
Application of the Equity Method	180,062	311,855
	<u>1,506,950</u>	<u>1,594,647</u>
<u>Financial income</u>		
Interest received	24,933	6,353
<u>Gains and Losses in associated companies</u>		
Application of the Equity Method	-	-
	<u>24,933</u>	<u>6,353</u>

11. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As of 30 June 2017, Cofina had provided guarantees as follows:

- Pledge of 112,268,150 shares of Cofina Media, S.A., in favour of the Portuguese Tax Authority (“Autoridade Tributária”) as a guarantee of the ongoing income tax claims.

As of 30 June 2017, Cofina Media group companies had assumed responsibilities for guarantees granted amounting to 337,525 Euro related to its advertising activities and ongoing tax and civil proceedings.

Additionally, as of 30 June 2017, the Group had also given promissory notes to guarantee credit facilities amounting to 61,500,000 Euro.

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12. EARNINGS PER SHARE

Earnings per share for the six months' periods ended as of 30 June 2017 and 2016 were determined taking into consideration the following amounts:

	30.06.2017	30.06.2016
Net profit / (loss) considered for the computation of basic and diluted earnings	717,627	2,340,153
Weighted average number for shares used to compute the basic earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.01	0.02
Diluted	0.01	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.

The information for the six months' periods ended as of 30 June 2017 and 2016 is detailed as follows:

	Newspapers	Magazines	Consolidation adjustments and elimination	Total
30.06.2017				
Net operating income	37,117,474	6,873,848	-	43,991,322
Operating cash-flow - EBITDA (a)	4,286,627	(663,205)	-	3,623,422
Operating profit (EBIT)	3,363,602	(663,205)	-	2,700,397

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

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

14. NET PROFIT APPROPRIATION

Regarding the 2016 financial year, the Board of Directors proposed in its annual report the individual net profit of Cofina, SGPS, SA in the amount of 1,320,920.73 Euro to be transferred to Free Reserves, and that proposal was approved in the General Meeting held on April 26, 2017.

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15. FINANCIAL STATEMENTS APPROVAL

The interim financial statements as of 30 June 2017 were approved by the Board of Directors for issuance on 27 July 2017.

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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