



COFINA, SGPS, S.A.
Public Company

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

**Financial Information – 3rd Quarter of 2017
(Unaudited)**

This document is a translation of a document originally issued in Portuguese, prepared using accounting policies consistent with the International Financial Reporting Standards and in accordance with the International Accounting Standard 34 – Interim Financial Reporting, some of which may not conform or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

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

(Thousand Euro)	3Q17	3Q16	Var (%)
Operational Revenues	23,111	25,569	-9.6%
Circulation	12,249	13,991	-12.5%
Advertising	7,322	8,064	-9.2%
Alternative marketing products and others	3,540	3,514	0.7%
Operational Revenues by Segment	23,111	25,569	-9.6%
Newspapers	19,713	21,237	-7.2%
Magazines	3,398	4,332	-21.6%
Operational Costs (a)	19,540	22,050	-11.4%
Consolidated EBITDA (b)	3,571	3,519	1.5%
EBITDA Margin	15.5%	13.8%	
Newspapers	3,572	3,529	1.2%
Newspapers EBITDA Margin	18.1%	16.6%	
Magazines	-1	-10	-90.0%
Magazines EBITDA Margin	0.0%	-0.2%	
Restructuring Costs	-450	0	
Consolidated EBITDA after restructuring	3,121	3,519	-11.3%
Amortization and Depreciation (-)	461	632	-27.1%
EBIT	2,660	2,887	-7.9%
EBIT Margin	11.5%	11.3%	
Net Financial income / (loss)	-1,134	-898	26.3%
Income before taxes	1,526	1,989	-23.3%
Income taxes (-)	695	788	-11.8%
Net Consolidated Profit / (loss) (c)	831	1,201	-30.8%

(a) Operational Costs excluding amortization

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

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

The current period was characterized by the reinforcement of Cofina's restructuring process. Hence, excluding the non-recurring costs associated to this process during the quarter under analysis (450 thousand Euro), Cofina's EBITDA in the third quarter of 2017 recorded an increase of 1.5% comparing with the same period of the previous year, reaching approximately 3.6 million Euro.

This restructuring process consists on the optimization of the portfolio's resources, the reorganization of the newsroom and the investment in business areas with strong potential of growth, namely digital and online gaming. Thus, in September, Cofina stopped editing the fashion magazine Vogue and, in the same month, started the operation of the website Nossa Aposta (<https://www.nossaaposta.pt/>), an online gaming platform, of which Cofina owns 40%.

The financial indicators of A Nossa Aposta online gaming platform, although still very recent, show an upward positive trend.

It should be noted that A Nossa Aposta is consolidated under the Equity Method, thus does not have any impact in the operational revenues neither in the consolidated EBITDA of the Group.

In terms of revenues, during the third quarter of 2017, it was recorded a decrease of 10% comparing with the total revenues recorded in the third quarter of 2016, reaching around 23 million Euro: circulation revenues (-12.5%), advertising revenues (-9.2%) and alternative marketing and other revenues (+0.7%). It should also be highlighted that divestment in unprofitable titles had a negative impact in revenues evolution.

Consolidated net profit reached 0.8 million Euro, which reflects a decrease of approximately 31%.

As of September 30, 2017, Cofina's nominal net debt amounted to 53.3 million Euro, which represents a decrease of 2.7 million Euro comparing to the net debt of 56 million Euro recorded in the end of June 2017.

We now present some key financial figures of the main business segment, excluding the restructuring costs:

Newspapers' segment

(Thousand Euro)	3Q17	3Q16	Var (%)
Operational Revenues	19,713	21,237	-7.2%
Circulation	10,227	11,293	-9.4%
Advertising	6,411	6,593	-2.8%
Alternative marketing products and others	3,075	3,351	-8.2%
Operational expenses (a)	16,141	17,708	-8.8%
EBITDA (b)	3,572	3,529	1.2%
EBITDA margin	18.1%	16.6%	

(a) Operational expenses excluding amortization

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

Cofina's newspapers' segment recorded, in the third quarter of 2017, total revenues of approximately 19.7 million Euro, a decrease of 7% comparing to the same period of the previous year. Revenues from circulation recorded a decrease of approximately 9% to 10.2 million Euro. The advertisement revenues recorded a decrease of 2.8%, reaching around 6.4 million Euro. Alternative marketing products revenues recorded a decrease of 8%, reaching 3.1 million Euro.

Expenses, excluding the restructuring costs, recorded a decrease of 9%. Hence, newspapers EBITDA reached approximately 3.6 million Euro, which corresponds to a raise of 1.2% comparatively to the same period of the previous year. EBITDA margin reached 18.1%, having recorded an improvement of 1.5 percentage points.

The newspapers' segment includes the results of the "Correio da Manhã TV" channel, which has consistently beaten audience records. Thus, during the first nine months of 2017, CMTV recorded a 2.4% 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 (since it is not present on Vodafone and Nowo platforms).

Magazine's Segment

During the third quarter of 2017, total revenues of this segment reached approximately 3.4 million Euro, reflecting a decrease of approximately 22% when compared to the same period of the previous year.

(Thousand Euro)	3Q17	3Q16	Var (%)
Operational Revenues	3,398	4,332	-21.6%
Circulation	2,022	2,698	-25.1%
Advertising	911	1,471	-38.1%
Alternative marketing products and others	465	163	185.3%
Operational expenses (a)	3,399	4,342	-21.7%
EBITDA (b)	-1	-10	90.0%
EBITDA margin	0.0%	-0.2%	

(a) Operational expenses excluding amortization

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

Circulation revenues recorded a decrease of 25%, reaching approximately 2.0 million Euro, while advertisement revenues decrease around 38%. The revenues associated to alternative marketing product recorded a sharp increase.

As referred, following the restructuring process of the Group's portfolio, it was not renewed the contract with Condé Naste. Hence, since September, the fashion magazine Vogue stopped being published by Cofina.

The operational rationalization measures allowed the magazines' segment to achieve, in the third quarter of 2017, the operational break-even, with a negative EBITDA of only one thousand Euro.

Accumulated figures for the first nine months of 2017

During the first nine months of 2017, the total revenues reached approximately 67 million Euro, reflecting a decrease of 9% when compared with the same period of the previous year. EBITDA before the restructuring costs reached 9.2 million Euro.

It should be noted that, during 2017, Cofina has already incurred in restructuring costs that amount to approximately 2.5 million Euro.

The consolidated net profit in the end of September 2017 is approximately 1.5 million Euro.

(Thousand Euro)	Sep 17	Sep 16	Var (%)
Operational Revenues	67,102	74,040	-9.4%
Circulation	35,059	39,320	-10.8%
Advertising	21,776	23,211	-6.2%
Alternative marketing products and others	10,267	11,509	-10.8%
Operational Revenues by Segment	67,102	74,040	-9.4%
Newspapers	56,830	61,142	-7.1%
Magazines	10,272	12,898	-20.4%
Operational Costs (a)	57,908	64,080	-9.6%
Consolidated EBITDA (b)	9,194	9,960	-7.7%
EBITDA Margin	13.7%	13.5%	
Newspapers	9,858	10,545	-6.5%
Newspapers EBITDA Margin	17.3%	17.2%	
Magazines	-664	-585	-13.5%
Magazines EBITDA Margin	-6.5%	-4.5%	
Restructuring Costs	-2,450	0	
Consolidated EBITDA after restructuring	6,744	9,960	-32.3%
Amortization and Depreciation (-)	1,384	1,897	-27.0%
EBIT	5,360	8,063	-33.5%
EBIT Margin	8.0%	10.9%	
Net Financial income / (loss)	-2,616	-2,486	5.2%
Income before taxes	2,744	5,577	-50.8%
Income taxes (-)	1,195	2,036	-41.3%
Net Consolidated Profit / (loss) (c)	1,549	3,541	-56.3%

(a) Operational Costs excluding amortization

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

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

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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 SEPTEMBER 2017 AND 31 DECEMBER 2016

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

(Amounts expressed in Euro)

ASSETS	Notes	30.09.2017	31.12.2016
NON CURRENT ASSETS			
Tangible assets		2,344,132	3,169,478
Goodwill	5	84,777,180	84,777,180
Intangible assets		-	130,544
Investments in associated companies	4	3,408,226	3,266,782
Investments held for sale	4	9,080	9,080
Other non current assets		38,792	32,383
Deferred tax assets		547,120	547,120
Total non current assets		91,124,530	91,932,567
CURRENT ASSETS			
Inventories		1,404,127	1,808,928
Customers		8,210,592	10,223,150
State and other public entities		1,694,810	894,477
Other current debtors		77,312	264,777
Other current assets		5,187,627	7,181,278
Cash and cash equivalents	7	9,842,880	9,403,739
Total current assets		26,417,348	29,776,349
TOTAL ASSETS		117,541,878	121,708,916
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		(691,254)	(594,244)
Other reserves		(20,336,706)	(24,663,549)
Consolidated net profit/(loss) for the period attributable to the parent company		1,549,120	4,333,011
Equity attributable to equity holder of the parent company		27,446,598	26,000,656
Non-controlling interests		-	-
TOTAL EQUITY		27,446,598	26,000,656
LIABILITIES			
NON CURRENT LIABILITIES			
Other loans	9	16,139,606	33,158,397
Other non current creditors		156,949	33,929
Provisions		7,816,996	7,790,467
Total non current liabilities		24,113,551	40,982,793
CURRENT LIABILITIES			
Bank loans	7 and 9	2,837,192	-
Other loans	9	43,767,457	33,546,302
Suppliers		6,198,429	8,773,388
State and other public entities		4,467,950	3,107,294
Other current creditors		1,252,681	1,420,964
Other current liabilities		7,458,019	7,877,519
Total current liabilities		65,981,729	54,725,467
TOTAL LIABILITIES		90,095,280	95,708,260
TOTAL EQUITY AND LIABILITIES		117,541,878	121,708,916

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

The Chartered Accountant

The Board of Directors

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(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 NINE MONTHS AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2017 AND 2016

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

(Amounts expressed in Euro)

	Notes	30.09.2017	30.09.2016	3 rd Quarter 2017	3 rd Quarter 2016
Sales		35,059,356	39,319,984	12,249,746	13,990,987
Services rendered		21,775,941	23,210,992	7,321,463	8,063,842
Other operating income		10,266,652	11,509,026	3,539,417	3,514,030
Cost of sales		(7,616,161)	(9,483,066)	(2,640,105)	(3,218,090)
External supplies and services		(28,672,365)	(29,590,737)	(10,016,636)	(10,207,599)
Payroll expenses		(23,540,599)	(24,306,610)	(7,005,921)	(8,325,013)
Amortisation and depreciation		(1,384,522)	(1,897,466)	(461,496)	(632,455)
Provisions and impairment losses		(374,290)	(460,842)	(271,368)	(216,206)
Other operating expenses		(154,249)	(238,920)	(55,733)	(83,424)
Gains/ (losses) related with associated companies	10	(674,112)	(537,771)	(494,050)	(225,916)
Financial expenses	10	(1,987,748)	(1,954,414)	(660,860)	(671,622)
Financial income	10	46,077	6,410	21,144	57
Profit before income tax		2,743,980	5,576,586	1,525,600	1,988,591
Income tax	6	(1,194,860)	(2,035,363)	(694,107)	(787,521)
Net consolidated profit / (loss) for the period		1,549,120	3,541,223	831,493	1,201,070
Attributable to:					
Shareholders of the parent company		1,549,120	3,561,016	831,493	1,220,863
Non-controlling interests		-	(19,793)	-	(19,793)
Earnings per share:					
Basic	12	0.02	0.03	0.01	0.01
Diluted	12	0.02	0.03	0.01	0.01

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(Amounts expressed in Euros)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIODS ENDED AS OF 30 SEPTEMBER 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						Total	Non controlling interests	Total equity
	Share capital	Share premium account	Legal reserve	Exchange conversion reserve	Other reserves	Net profit / (loss)			
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)
Variation in reserves and non-controlling interests:									
Variation in consolidation perimeter	-	-	-	-	-	-	-	25,000	25,000
Total comprehensive income for the nine months period ended 30 September 2016	-	-	-	462,810	-	3,561,016	4,023,826	(19,793)	4,004,033
Balance as of 30 September 2016	25,641,459	15,874,835	5,409,144	(771,832)	(24,663,549)	3,561,016	25,061,073	5,207	25,066,280
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 nine months period ended 30 September 2017	-	-	-	(97,010)	-	1,549,120	1,452,110	-	1,452,110
Others	-	-	-	-	(6,168)	-	(6,168)	-	(6,168)
Balance as of 30 September 2017	25,641,459	15,874,835	5,409,144	(691,254)	(20,336,708)	1,549,120	27,446,598	-	27,446,598

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(Amounts expressed in Euros)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE MONTHS AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2017 AND 2016

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

(Amounts expressed in Euro)

	30.09.2017	30.09.2016	3 rd Quarter 2017	3 rd Quarter 2016
Profit / (loss) for the period	1,549,120	3,541,223	831,493	1,201,070
Other comprehensive income:				
Items that will be reclassified to net income:				
Exchange differences on translation of foreign operations	(97,010)	462,810	6,080	(27,875)
Total comprehensive income for the period	<u>1,452,110</u>	<u>4,004,033</u>	<u>837,573</u>	<u>1,173,195</u>
Attributable to:				
Shareholders of the parent company	1,452,110	4,023,826	837,573	1,192,988
Non-controlling interests	<u>-</u>	<u>(19,793)</u>	<u>-</u>	<u>(19,793)</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH-FLOWS FOR THE NINE MONTHS AND THREE MONTHS PERIODS ENDED 30 SEPTEMBER 2017 AND 2016 (Translation of financial statements originally issued in Portuguese - Note 16) (Amounts expressed in Euro)

Notes	30.09.2017	30.09.2016	3 rd Quarter 2017	3 rd Quarter 2016
Operating activities				
<i>Cash flow from operating activities (1)</i>	<u>7,458,202</u>	<u>8,113,057</u>	<u>4,033,721</u>	<u>3,341,705</u>
Investment Activities:				
Collections relating to:				
Tangible assets	-	1,275	-	-
Interest and similar income	55,853	998	33,565	14
Capital inflows	-	25,000	-	25,000
Investments	-	2,450	-	2,450
Dividends	180,000	200,000	-	-
Dividends	235,853	229,723	33,565	-
Dividends	-	-	-	27,464
Payments relating to:				
Investments	(375,000)	(252,450)	(175,000)	-
Tangible assets	(274,749)	(558,845)	(55,607)	(187,377)
Intangible assets	(252,568)	(265,293)	(79,491)	(20,097)
Loans granted	(350,000)	(100,000)	(75,000)	-
Loans granted	(1,252,317)	(1,176,588)	(385,098)	(207,474)
<i>Cash flow from investment activities (2)</i>	<u>(1,016,464)</u>	<u>(946,865)</u>	<u>(351,532)</u>	<u>(180,010)</u>
Financing activities:				
Collections relating to:				
Loans obtained	27,000,000	6,750,000	-	(10,572,640)
Loans obtained	27,000,000	6,750,000	-	(10,572,640)
Payments relating to:				
Interest and similar costs	(2,112,738)	(2,275,233)	(953,320)	(956,243)
Amortisation of leasing contracts	(51,952)	(46,060)	(21,246)	(15,353)
Dividends distributed	-	(1,538,487)	-	-
Loans obtained	(33,674,795)	(12,015,649)	(16,668,907)	11,486,961
Loans obtained	(33,674,795)	(12,015,649)	(16,668,907)	11,486,961
<i>Cash flow from financing activities (3)</i>	<u>(8,839,485)</u>	<u>(9,125,429)</u>	<u>(17,643,473)</u>	<u>(57,275)</u>
Cash and its equivalents at the beginning of the period	7	9,403,739	8,193,580	20,966,972
Effect of currency exchange differences		(304)	(631)	-
Variation of cash and its equivalents: (1)+(2)+(3)		(2,397,747)	(1,959,237)	(13,961,284)
Cash and its equivalents at the end of the period	7	<u>7,005,688</u>	<u>6,233,712</u>	<u>7,005,688</u>

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

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

(Amounts expressed in Euros)

1. INTRODUCTION

Cofina, SGPS, S.A. (“Cofina” or “Company”) is a public capital company, with headquarters located at Rua General Norton de Matos, 68, r/c in Porto and has its shares listed in the Lisbon Euronext Stock Exchange (“Euronext Lisbon”). Cofina is the Parent company of a group of companies detailed in Note 4, commonly designated as Cofina Group, and its main activity is the management of investments in the Media sector (written press).

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

During the period ended as of 30 September 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 September 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 September 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 September 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.

Investments in associated companies

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(Amounts expressed in Euros)

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

Designation	Acquisition Cost	Book value
VASP – Sociedade de Transportes e Distribuições, Lda.	€ 6,234	€ 2,812,170
Destak Brasil – Empreendimentos e Participações, S.A.	€ 299,065	€ (3,239,183)
A Nossa Aposta – Jogos e Apostas On-line, S.A.	€ 550,000	€ 321,056
Mercados Globais – Publicação de Conteúdos, Lda.	€ 72,000	-

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

	30.09.2017	31.12.2016
Financial Investment		
VASP – Sociedade de Transportes e Distribuições, Lda.	2,812,170	3,073,803
Mercados Globais - Publicação de Conteúdos, Lda.	72,000	72,000
A Nossa Aposta - Jogos e Apostas Online, S.A.	321,056	192,979
	<u>3,205,226</u>	<u>3,338,782</u>
Accumulated impairment losses on investments in associated companies	(72,000)	(72,000)
	<u>3,133,226</u>	<u>3,266,782</u>
Loans granted		
Destak Brasil Empreendimentos	275,000	-
	<u>3,408,226</u>	<u>3,266,782</u>

Investments available for sale

As of 30 September 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 9,080 Euro. As of 30 September 2017 and as of 31 December 2016 the total investments for which adjustments were made in the same value amount to 244,439 Euro.

5. GOODWILL

During the nine months period ended as of 30 September 2017 there were no changes in the caption “Goodwill”.

During the nine months’ period ended as of 30 September 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 September 2017 and 2016 refer mainly to the tax estimate for the period.

As of 30 September 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 September 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) 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.

7. CASH AND CASH EQUIVALENTS

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

	30.09.2017	31.12.2016	30.09.2016
Cash	73,465	65,349	68,532
Bank deposits repayable on demand	9,769,415	9,338,390	6,165,180
Cash and cash equivalents	-	-	-
Cash and bank balances	9,842,880	9,403,739	6,233,712
Bank overdraft (Note 9)	(2,837,192)	-	-
Cash and cash equivalents	7,005,688	9,403,739	6,233,712

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8. SHARE CAPITAL

As of 30 September 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 September 2017 refers to bank overdrafts (Note 7).

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

	30.09.2017			
	Book value		Nominal value	
	Current	Non current	Current	Non current
Bond loans	16,666,667	16,139,606	16,666,667	16,666,667
Commercial paper	27,100,790	-	27,000,000	-
	<u>43,767,457</u>	<u>16,139,606</u>	<u>43,666,667</u>	<u>16,666,667</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 September 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 32,806,273 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%.

During the period ended as of 30 September 2017, the Group amortized the first instalment of this bond loan by the amount of 16,666,667 Euro, as disposed in the loan contract.

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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 nine months’ periods ended as of 30 September 2017 and 2016 are made up as follows:

	30.09.2017	30.09.2016
<u>Financial expenses</u>		
Interest paid	1,575,863	1,520,372
Commissions	393,231	420,864
Other financial expenses	18,654	13,178
<u>Gains and Losses in associated companies</u>		
Application of the Equity Method	674,112	537,771
	<u>2,661,860</u>	<u>2,492,185</u>
<u>Financial income</u>		
Interest received	46,077	6,410
	-	-
<u>Gains and Losses in associated companies</u>		
Application of the Equity Method	-	-
	<u>46,077</u>	<u>6,410</u>

11. RESPONSIBILITIES FOR GUARANTEES PROVIDED

As of 30 September 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 September 2017, Cofina Media group companies had assumed responsibilities for guarantees granted amounting to 290,475 Euro related to its advertising activities and ongoing tax and civil proceedings.

Additionally, as of 30 September 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 nine months' periods ended as of 30 September 2017 and 2016 were determined taking into consideration the following amounts:

	30.09.2017	30.09.2016
Net profit / (loss) considered for the computation of basic and diluted earnings	1,549,120	3,561,016
Weighted average number for shares used to compute the basic earnings per share	102,565,836	102,565,836
Earnings per share:		
Basic	0.02	0.03
Diluted	0.02	0.03

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 nine months' periods ended as of 30 September 2017 and 2016 is detailed as follows:

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

			Consolidation adjustments and elimination	
30.09.2016	Newspapers	Magazines		Total
Net operating income	61,142,002	12,898,000	-	74,040,002
Operating cash-flow - EBITDA (a)	10,544,827	(585,000)	-	9,959,827
Operating profit (EBIT)	8,647,361	(585,000)	-	8,062,361

(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, S.A. in the amount of 1,320,920.73 Euro to be transferred to Free Reserves, and that proposal was approved in the Shareholders' General Meeting held on April 26, 2017.

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15. FINANCIAL STATEMENTS APPROVAL

The interim financial statements as of 30 September 2017 were approved by the Board of Directors for issuance on 3 November 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.

THE CHARTERED ACCOUNTANT

THE BOARD OF DIRECTORS