

PHAROL, SGPS S.A.  
Form 6-K  
September 01, 2015  
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**United States**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 6-K**

**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of the**  
**Securities Exchange Act of 1934**

For the month of August 2015

Commission File Number 1-13758

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**PHAROL, SGPS S.A.**

(Exact name of registrant as specified in its charter)

**Rua Joshua Benoliel, 1, 2C, Edifício Amoreiras Square**

**1250 -133 Lisboa, Portugal**  
(Address of principal executive office)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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**PHAROL, SGPS S.A.**

**First Half 2015 RESULTS**

- **PHAROL had a good progression in the first semester of 2015: Net results, excluding non-recurring items, were losses of EUR 14.2mn (losses of 66.9mn in the first semester of 2014).**
- **PHAROL net results in 2Q15 were positive, amounting to EUR 28.7mn.**
- **Oi performance was solid and showed a positive progression in a challenging macro-economic environment. Contribution from Oi to earnings was EUR 24mn in the first semester of 2015.**

**MESSAGE FROM THE CEO**

**Mr. Luís Palha da Silva**

*We are satisfied with the progression of our different business lines in the first semester: Oi has performed solidly in a complicated economic environment in Brazil. The Company is successfully growing its added value services across businesses, bringing strict cost analysis criteria and implementing strict rules to Capex. At PHAROL Holding level, the externalisation of services and the strict cost containment criteria are bringing substantial savings to our cost structure.*

*I am confident to see an adequate progression in all key dimensions in the second semester of the year.*

*PHAROL remains fully immersed in the continuous evaluation of our strategic alternatives to optimize Oi and Rio Forte assets to determine the best options to improve remuneration to Company Shareholders. Contributing, as Shareholder, to a consolidation process, in Brazil, will remain our top priority.*

**Highlights**

**PHAROL**

(Million Euro)	1H15	1H14	2Q15	2Q14
<b>EBITDA</b>	(9.0)	(12.8)	(5.0)	(8.1)
<b>Losses (gains) in joint ventures</b>	13.3	(57.8)	51.9	(41.1)
<b>Result from recurring operations</b>	(14.2)	(66.9)	28.7	(52.9)

**OI**

(Million Reais)	1H15	1H14	2Q15	2Q14
<b>Net revenues</b>	13,824	14,255	6,784	7,154
<b>Routine EBITDA</b>	3,958	3,581	1,947	1,754
<b>Routine EBITDA Margin %</b>	28.6%	25.1%	28.7%	24.5%
<b>Net earnings</b>	224	10	671	(217)
<b>Capex</b>	2,093	2,700	1,069	1,427

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**i. Highlights of PHAROL First Semester results:**

- Strong effort to control costs in the Holding Company: PHAROL operational expenses in the first semester of 2015 reached EUR 9mn (including c.3.5mn of non-recurring expenses) versus 12.8mn in the same period of 2014.
- Equity accounted earnings of EUR 13.3mn (compared to 57.8mn losses in H114): EUR 24mn on PHAROL participation in Oi earnings and EUR 10.7mn loss provision (due to the increased stake of PHAROL in Oi in the second quarter of 2015 and the subsequent adjustment in provisions).
- Losses of EUR 18.5mn on the depreciation of the R\$ and the mark to market value of Oi call option.

**ii. Highlights of Oi First Semester results:**

- Oi's evolution in the first semester of 2015 has been solid: despite a very challenging macroeconomic situation in the country, recurring EBITDA in the semester increased by 10.5% to R\$3,958mn (an outstanding 350bp increase in its EBITDA margin to 28.6%).
- Especially remarkable was the cost containment effort and the progression achieved in the second quarter: EBITDA margin reached 28.7% (24.5% in Q214).
- These results show the increasing focus of Oi on its key strategic axes: growth of added value services across the different business lines, cost containment program and increasing efficiency of its investment plan.

- Oi's earnings guidance for the full 2015 has been reiterated: recurring EBITDA in the range of R\$ 7-7.4bn and Operating Cash Flow in the R\$ 1.2-1.8b.

**OTHER RELEVANT INFORMATION**

As of June 30, 2015, PHAROL, SGPS S.A. was the owner of a 27.5% stake in Oi, debt instruments on Rio Forte (nominal value EUR 897mn) and a call option on additional Oi shares (which if exercised in full will increase PHAROL stake in Oi to 39.7%).

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PHAROL , Group PHAROL , Group and Company is a reference to the companies that are part of PHAROL SGPS, S.A. or to one of them, depending on the context.

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**01 FINANCIAL REVIEW**

**FINANCIAL REVIEW**

As of 31 December 2014, following the capital increase of Oi S.A. ( Oi ), concluded on 5 May 2014 (the Oi Capital Increase ), PHAROL held a 39.7% direct and indirect stake in Oi. This included a portion classified as a non-current asset held for sale (Note 12), in connection with the Exchange agreement ( Exchange ) entered into on 8 September, 2014 and completed on 30 March, 2015, and the remaining stake of 22.8% classified as investment in joint ventures (Note 13) and therefore accounted for using the equity method.

On 30 March, 2015, the Exchange was completed, whereby PHAROL (1) transferred to Portugal Telecom International Finance, B.V. ( PT Finance ), a subsidiary of Oi, an aggregate amount of 47,434,872 common shares and 94,869,744 preferred shares of Oi, and (2) received from PT Finance debt securities of Rio Forte Investments S.A. ( Rio Forte ) with a nominal value of Euro 897 million and a call option on the transferred shares ( Call Option ).

After the completion of the Exchange, PHAROL holds (1) an effective stake of 27.5% in Oi corresponding to the 22.8% stake referred above plus 4.7% due to the decrease in the number of outstanding shares of Oi, (2) the debt securities of Rio Forte with nominal value of Euro 897 million, and (3) the Call Option on 47,434,872 common shares and 94,869,744 preferred shares of Oi with an exercise price of R\$20.104 per common share and R\$18.529 per preferred share and with a 6-year maturity. The Call Option has partial expiration dates throughout the period so the option volume is reduced by 10% at the end of the first year and by 18% per year thereafter.

The relevant agreements for the implementation of the New Structure of Oi, further described in detail in the next chapter, were signed on 22 July, 2015. Subsequently, a General Meeting of Shareholders of Oi to approve the New Structure was called, and will be held on 1 September, 2015. After the execution of the New Structure, but prior to the voluntary conversion of preferred shares to ordinary shares of Oi, PHAROL will hold, directly or indirectly through wholly owned subsidiaries, 84,167,978 ordinary shares and 108,016,749 preferred shares of Oi. PHAROL 's voting rights in Oi will be limited to 15% of the total ordinary shares of Oi, as per the changes to be introduced in Oi 's bylaws.

In 1H15, the consolidated net loss amounting to Euro 14 million, mainly reflects (1) the Euro 13 million gain corresponding to (a) the effective interest of PHAROL (22.8% up to 30 March, 2015 and 27.5% up to 30 June 2015) in the R\$224 million 1H15 Oi net income, and (b) a loss of Euro 10 million corresponding to the impact of the increase in PHAROL 's effective stake in Oi from 22.8% to 27.5% related to the completion of the Exchange, which occurred on 30 March, 2015, which reflects the negative change in Oi 's shareholders equity between 4Q14 and 1Q15, which was more than offset by (2)

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the Euro 9 million 1H15 consolidated operational costs, which included non recurring financial and legal services, and (3) a 17 million loss relative to the reduction in the fair value of the Call Option during the 2Q15, associated with the Real devaluation and the Oi share price reduction (registered in net losses on financial assets and other investments and other net financial losses).

The net income in 2Q15 reached Euro 29 million and was positively affected by the accounting impacts in Oi's results of R\$1.1 billion related to results from the discontinued operations of PT Portugal. This figure includes the positive effect related to foreign exchange gains/(losses) over PT Portugal's book value, which was registered in shareholders' equity at that time. With the completion of the PT Portugal sale in 2Q15, this amount was reclassified to net results from discontinued operations, together with expenses associated to the sale.

**CONSOLIDATED INCOME STATEMENT**

	<b>Euro million</b>			
	<b>2Q15</b>	<b>2Q14 Restated</b>	<b>1H2015</b>	<b>1H14 Restated</b>
Wages and salaries	0.9	3.3	1.9	6.5
Supplies, external services and other expenses	3.5	3.5	6.0	4.4
Provisions and adjustments		0.1		0.1
Indirect taxes	0.6	1.1	1.1	1.8
Other operational expenses				
<b>Loss before financial results and taxes</b>	<b>(5.0)</b>	<b>(8.1)</b>	<b>(9.0)</b>	<b>(12.8)</b>
Depreciations	0.0	0.0	0.0	0.1
<b>Earnings before interest and taxes</b>	<b>(5.1)</b>	<b>(8.1)</b>	<b>(9.1)</b>	<b>(12.8)</b>
Net other gains	0.3	(0.4)	0.3	(0.9)
<b>Loss before financial results and taxes</b>	<b>(5.4)</b>	<b>(7.6)</b>	<b>(9.3)</b>	<b>(11.9)</b>
Net interest income	(0.1)	(3.7)	(0.3)	(10.5)
Losses/ (gains) of joint ventures	(51.9)	41.1	(13.3)	57.8
Net losses on financial assets and other investments	11.5		11.5	
Net other financial losses (gains)	6.5	10.3	7.0	10.1
<b>Loss before taxes</b>	<b>28.8</b>	<b>(55.4)</b>	<b>(14.2)</b>	<b>(69.3)</b>
Income taxes	0.0	(2.5)	0.0	(2.4)