



Consolidated Results
September 30, 2013

inapa



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1. Highlights

Net income improved by €2.6 M

Reduction of operational costs by €5.4 M (-5.0%) and financial costs €2.3 M (-17.4%)

Reinforcement of the financial equilibrium through a €18.6 M (-5.4%) debt decrease

Generation of results

- Sales decreased 5.6% relatively to 2012
- Gross margin was maintained at 18,2%, the same level as the homolog period
- Operational costs before provisions reduced by 5.4 million Euros (5.0%)
- Recurrent EBITDA was 15.7 million Euros
- Operational results were 11.6 million Euros
- Financial costs decreased 17.4% (2.3 million Euros)
- Earnings before taxes were 0.2 million Euros
- Net income increased 2.63 million Euros to 0.16 million Euros

Financial strength

- Working capital decreased 35.4 million Euros comparatively to the 3rd quarter of 2012 and 20.0 million euros relatively to December 2012
- Net debt decreased 12.8 million Euros comparing with the 3rd quarter of 2012 and 18.6 million Euros relatively to year end.

Chart 1. Main Consolidated Indicators

Million euros	Set 13	Set 12	Δ 13/12	3Q13	3Q12	Δ 13/12
Tons ('000)	582	619	-6.0%	187	195	-4.4%
Sales	650.1	688.9	-5.6%	207.3	216.0	-4.0%
Gross margin	118.6	125.6	-5.6%	36.4	38.6	-5.6%
Gross margin (%)	18.2%	18.2%	0.0 pp	17.6%	17.9%	-0.3 pp
Operating costs ¹	100.6	106.0	-5.0%	32.1	34.1	-5.9%
Provisions	2.2	3.0	-25.9%	0.2	1.2	-79.7%
Re-EBITDA	15.7	16.6	-5.5%	4.0	3.2	25.9%
Re-EBITDA margin (%)	2.4%	2.4%	0.0 pp	2.0%	1.5%	0.5 pp
EBIT	11.6	12.1	-4.2%	3.1	1.8	75.5%
Net financial costs	11.0	13.3	-17.4%	3.7	4.1	-10.1%
EBT	0.2	-1.3	153%	-0.6	-2.4	1.8 M€
Net income	0.16	-2.47	2.63 M€	-0.7	-0.4	-0.3 M€
	30-9-13	30-9-12	Δ 13/12	31-12-12	Δ 9 months	
Net Debt ²	327.5	340.3	-3.8%	346.1	-5.4%	
Working capital	142.9	178.3	-19.9%	162.9	-12.3%	

(1) Net of income from services and other income and excludes provisions (2) Includes securitization



2. Relevant facts

- 1/4/2013 Divest of 60% on German factoring operation (Print Media Factoring)
- 3/7/2013 Acquisition of 100% of the Portuguese viscom company Crediforma
- 3/12/2013 Attribution for the third consecutive year of the award for Best Corporate Governance in Portugal by World Finance
- 3/20/2013 Notice of the General Meeting
- 4/10/2013 Ordinary General Meeting
- 4/15/2013 Notice for Extraordinary General Meeting
- 4/24/2013 Request presented by the shareholder Nova Expressão, SGPS
- 5/7/2013 Extraordinary General Meeting for the election of the Governing Bodies
- 5/31/2013 Acquisition of the French packaging business under the designation Karbox
- 8/12/2013 Notice of the agreement to acquire 100% of the share capital of the Turkish paper merchant Korda
- 8/31/2013 Acquisition of 75% of the Portuguese packaging company Trademba
- 9/17/2013 Acquisition of 100% of the share capital of the Turkish paper merchant Korda

Until the date of announcement of the report no additional relevant facts occurred.



3. Management report

3.1. Market analysis

The first three quarters of 2013 were marked by the economic slowdown that has been widely reported in the Euro area impacting the level of business investment in advertising and promotion, one of the key factors for the decrease in paper demand.

Still as a result of the difficult economic context, and in parallel with other sectors, there was a deterioration of the credit risk in the graphic and enterprise sector, which together with the paper price decrease, amplified the negative volume effect.

The less favorable paper market trend was compensated by the maintenance of the growth trend on the packaging and visual communication business.

3.2. Consolidated performance

Consolidated sales until September 2013 decreased 5.6% over the same period in 2012, reaching 650.1 million euros. The decrease is explained by the sharp reduction in paper demand of 7.2%, due to the negative market context, the tighter control of customer credit risk and the margin protection initiatives.

In this context, the strategy of margin improvement through price increase that Inapa has been implementing since the first quarter should be mentioned, as it has showed positive results in some of the markets in which the Group operates. This strategy however has resulted in a loss of volume in some markets, due to strong market competition, despite the low profitability of some of the competitors who continue to favor volumes at the expense of profitability.

Despite the slowdown in activity, complementary businesses continued the trend of strong growth that has been registered, with an increase of 7.7% in packaging and 10.8% in viscom, partially compensating the decrease in paper business.



Chart 2_ Developments of the Paper, Packaging and Visual Communication Business

Million euros	Set 13			Set 12	
	Sales	Weight	Δ 12/11	Sales	Weight
Paper	566.8	87.2%	-7.2%	610.8	88.7%
Complementary business	83.4	12.8%	6.8%	78.0	11.3%
Packaging	38.9	6.0%	7.7%	36.1	5.2%
Visual communication	23.5	3.6%	10.8%	21.2	3.1%
Others ¹	20.9	3.2%	1.2%	20.7	3.0%
Total	650.1	100%	-5.6%	688.9	100%

Note: (1) Cross-selling with the paper business, office and graphic supplies

The above mentioned effort to recover commercial margin has allowed maintaining the gross margin in the same levels as in 2012, in 18.2%.

Due to the rigorous cost management policies, in the first three quarters of 2013 the operating costs before provisions decreased 5.4 million euros (-5.0%) over 2012, as a result of lower distribution costs, personnel costs and administrative costs.

Customer related provisions registered a decrease of 0.8 million euros (-26%) comparing to previous year, representing only 0.3% of sales. The prudent sales policy towards collection risk derives from a careful analysis of the customer risk carried out together with the credit insurer.

Until September, the re-EBITDA was 15.7 million euros, representing 2.4% of sales. Despite the reduction of volumes recorded, the evolution of complementary businesses and the reduction of operating costs allowed Inapa to balance the negative evolution on the paper business. The complementary businesses - packaging and visual communication - continued to increase its weight in the Group's business, accounting already for 21% of consolidated re-EBITDA.

Operational results (EBIT) were 11.6 million euros, representing 1.8% of sales.

In this regard it should be noted that both EBITDA and EBIT margin, stood at the top levels of market benchmarks.

Financial costs, when compared with the first nine months of 2012, reduced 17.4% to 11.0 million euros, a decrease of 2.3 million euros. Despite the high indebtedness level, the decrease in gross debt, alongside the reduction of the reference rates, led to a lower level of financial charges. The working capital reduction of 35.4 million euros, described below, was also a main contributor for the debt reduction, combined with the operational cash flows.

Earnings before tax reached 0.2 million euros. The performance was affected by the volume decrease, which was partially compensated by the gross margin improvement, the operational costs containment and financial costs reduction.

Taxes for the first nine months totaled 0.06 million euros.



Until September, Inapa consolidated net income increased 2.63 million euros, standing at 0.16 million euros, which compares to -2.47 million euros in 2012.

Working capital registered an improvement of 19.9% over September 2012, a reduction of 35.4 million euros. This evolution was due to the continuous improvement in working capital management carried out through the reduction in receivables days and improvement on stock management.

Due to the strong reduction in the working capital, Inapa's net debt at September 2013 was 327.5 million euros, a decrease of 12.8 million when compared to September 2012 and 18.6 million euros compared with December 2012.

3.3. Performance of the Group Business Areas

In the period under analysis, and as a result of the strategic plan execution, the weight of complementary businesses (packaging and visual communication) on the Group operational results (EBIT) increased, representing 17.5% and 10.7% respectively, while paper reduced its weight from 76.0% to 71.8%.

PAPER

In volume, sales in the first nine months registered a decrease of 6% comparing with 2012, from 619 thousand to 582 thousand tons. In value, paper business sales reached 566.8 million Euros, a 7.2% drop. The decrease on the average paper price comparing to the same period of 2012 is a consequence of the strong market competition, resulting from a fall in demand. The Group strict credit risk policy amplified the volume decrease effect.

Cross-selling in the paper business (namely the sale of graphic and office supplies) showed an increase of 1.2% in the analyzed period.

Despite the strong competitive pressure owing to the volumes decrease, the commercial policy focused on profitability improvement, has allowed to maintain the gross margin in 17.0%.

Operational results (EBIT) in this business ascended to 10.4 million Euros, representing 1.7% of sales, a 7% decrease compared with previous year. This evolution is explained by the steep volume drop in the markets, aligned with the lack of flexibility of some fixed costs, such as the storage related ones, partially compensated by the reduction in structure costs.



PACKAGING

Packaging business recorded an increase of 8.8% compared to 2012, with sales of 41.3 million Euros, boosted by the growth in Portuguese and French markets.

Operational results (EBIT) increased 15.6% to 2.0 million euros (in the first quarter there was a decrease of 24%), representing 4.8% of sales, as a consequence of the operational optimization that results from the reorganization of the packaging business across all geographies where the Group is present, which is still in the implementation phase.

VISUAL COMMUNICATION

Visual communication maintained its growth trend, having increased its sales by 12.5% when compared with September 2012, reaching 26.7 million euros of sales. Digital printing continues to register a positive trend due to the innovations introduced in the market, such as Latex, which have been speeding up the change from offset technologies. Nevertheless it should be highlighted that equipment sales have decreased as a consequence of lower investments in the Eurozone.

Operational results (EBIT) grew 2.5%, to 1.2 million Euros, representing 4.5% of sales.

3.4.Future prospects

For the next quarter of the current financial year, despite the maintenance of negative forecasts regarding the evolution of the paper demand due to the general slowdown of major European economies together with the required rigor in the management of customer risk, we anticipate stability in paper volumes and sales. Entry into the Turkish market will have a positive impact on paper sales growth.

In what concerns the evolution of complementary businesses it is expected that, given the investments and partnerships made and the best prospects of the industry, they will continue the positive trend that have been experiencing.

With regard to major markets, including Germany, France and Switzerland (86% of consolidated sales) a better performance in volumes is foreseen, in comparison with the Iberian market (12% of Group sales), where a structural economic weakness remains, with inferior estimated growth rates.



Paper will still be used as support mean in different areas, such as advertising, marketing, communication, and in businesses. The relation between paper and digital medium will be an important driver for paper demand, which is becoming increasingly dependent on digital, ensuring its demand.

A continuous decrease in operational costs is expected, given the structural changes that have been already implemented in the several geographies, alongside a set of initiatives to adjust the structure to current and expected market evolution, namely in sales, logistics and administrative.

Simultaneously, and in order to extract the maximum value of the paper business, the Group will remain focused on analyzing opportunities for optimization in the markets in which it operates, in order to improve efficiency and productivity, particularly through the standardization of the information systems that support the business and the consolidation of shared services center.

Complementary businesses should maintain the trend of growth and profitability that have been registering, with a consequent increase in its weight in the Group's revenues and operating results.

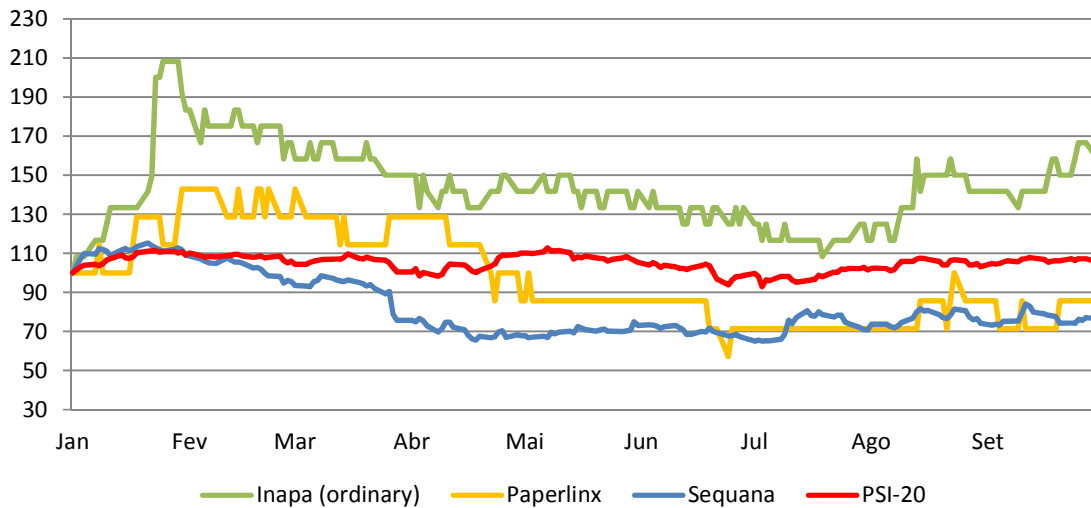
In respect to the equity situation we will continue the effort to reduce indebtedness, either by a better funds management, either by the generation of operational resources.



3.5. Stock market

Inapa stock price vs. PSI20 vs. comparables

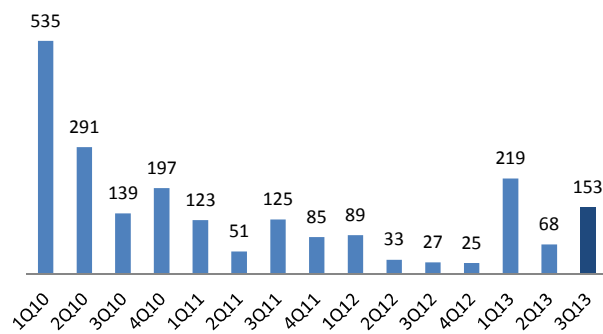
September 2013



At September 2013 ordinary shares quote had an increase of 58% relatively to 2012 year end. The stock ended the quarter at 0.19€, which compares to a 5.7% increase of the PSI-20. The evolution of Inapa shares was superior to the other players in the industry.

Inapa trading volumes during the first nine months of 2013 recorded liquidity levels above those of the recent quarters, with transaction volumes increasing to more than twice compared with the average of 2012.

Average trading volumes
Thousands of shares



Preferred share's price at September 2013 was 0.17€, one cent below its emission price (performed in October 2011) and its 2012 year end quote. The liquidity of these titles is low, having been traded 181.5 thousand shares on the first nine months.



4. Interim Consolidated Accounts

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED SEPARATE INCOME STATEMENT AS AT SEPTEMBER 30, 2013
(Montantes expressos em milhares de Euros)

	Notas	SEPTEMBER 30, 2013	3rd QUARTER 2013 *	SEPTEMBER 30, 2012	3rd QUARTER 2012 *
Tonnes *		582.045	186.551	618.951	195.042
Sales and service rendered	4	657.785	210.048	697.709	218.948
Other Income	4	17.408	5.622	18.108	5.582
Total Income		675.193	215.670	715.817	224.530
Cost of sales		-538.149	-172.893	-570.946	-179.817
Personal costs		-56.155	-18.572	-58.798	-19.560
Other costs	6	-65.529	-19.641	-69.951	-22.135
		15.362	4.564	16.125	3.017
Depreciations and amortizations		-4.125	-1.456	-4.102	-1.333
Gains / (losses) in associates		-6	-7	2	2
Net financial function	7	-11.008	-3.715	-13.333	-4.130
Net profit before Income tax		222	-614	-1.310	-2.444
Income tax	17	56	298	-1.019	-281
Net profit / (loss) for the period		277	-316	-2.328	-2.725
Attributable to :					
Shareholders of the company		160	-359	-2.467	-2.744
Non controlling interests		117	43	138	19
Earnings per share of continued operations - €					
Basic		0,001	-0,002	-0,017	-0,018
Diluted		0,001	-0,002	-0,017	-0,018

To be read in conjunction with the Notes to the consolidated financial statements

* Non audited



INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT SEPTEMBER 30, 2013
(Amounts expressed in thousand of Euros)

	<u>SEPTEMBER 30, 2013</u>	<u>3rd QUARTER 2013 *</u>	<u>SEPTEMBER 30, 2012</u>	<u>3rd QUARTER 2012 *</u>
Net profit for the period before minority interest	277	-316	-2.328	-2.725
Items that will not be reclassified to profit or loss				
Actuarial gains / losses	-	-	-	-
Items that may be reclassified subsequently to profit or loss				
Change in value of available-for-sale financial assets	-	-	-	-
Currency translation differences	28	32	-189	81
	<u>28</u>	<u>32</u>	<u>-189</u>	<u>81</u>
Total comprehensive income for the period	<u>305</u>	<u>-284</u>	<u>-2.518</u>	<u>-2.644</u>
Attributable to :				
Shareholders of the company	188	-327	-2.656	-2.663
Non controlling interests	<u>117</u>	<u>43</u>	<u>138</u>	<u>19</u>
	<u>305</u>	<u>-284</u>	<u>-2.518</u>	<u>-2.644</u>

To be read in conjunction with the Notes to the consolidated financial statements

* Non audited



INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2013

(Amounts expressed in thousand euros)

	Notes	SEPTEMBER 30, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
			Restated	Restated
ASSETS				
Non-current assets				
Tangible fixed assets		92.190	92.088	95.884
Goodwill		145.952	144.170	140.338
Other intangible assets		112.786	111.552	111.227
Investment in associate companies		1.068	1.075	1.071
Available-for-sale financial assets	8	40	62	47
Other non-current assets	11	28.222	27.900	21.835
Deferred tax assets	17	21.648	20.784	19.526
Total non-current assets		401.908	397.631	389.928
CURRENT ASSETS				
Inventories		66.460	65.850	71.029
Trade receivables	11	140.922	146.328	166.619
Tax to be recovered		10.765	9.959	7.286
Available-for-sale financial assets	8	-	-	628
Other current assets	11	31.004	36.864	38.392
Cash and cash-equivalents	12	12.846	20.608	15.047
Total current assets		261.997	279.609	299.000
Total assets		663.904	677.239	688.928
SHAREHOLDERS EQUITY				
Share capital	14	204.176	204.176	204.176
Share issue premium		450	450	450
Reserves		44.370	44.342	44.465
Retained earnings		-56.704	-50.719	-44.452
Net profit for the period		160	-5.949	-6.161
		192.453	192.300	198.478
Non controlled interests		4.302	4.068	3.991
Total shareholders equity		196.755	196.368	202.469
LIABILITIES				
Non-current liabilities				
Loans	15	107.297	84.115	148.469
Financing associated to financial assets	15	40.537	52.872	38.061
Deferred tax liabilities	17	23.756	22.945	21.128
Provisions		315	286	391
Liabilities for employee benefits		4.718	4.807	4.173
Other non-current liabilities	16	7.729	7.582	8.711
Total non-current liabilities		184.353	172.607	220.933
Current liabilities				
Loans	15	183.672	221.058	176.259
Suppliers	16	64.438	49.259	47.402
Tax liabilities		14.138	17.226	18.073
Other current liabilities	16	20.548	20.722	23.661
Total current liabilities		282.796	308.265	265.395
Total shareholders equity and liabilities		663.904	677.239	688.798

To be read in conjunction with the Notes to the consolidated financial statements

* Non audited



INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AS AT SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

(Amounts expressed in thousand of Euros)

	ATTRIBUTABLE TO SHAREHOLDERS					Total	Non-controlling interests	Total Shareholders Equity
	Share Capital	Share issuance premium	Foreign Exchange Adjustments	Other reserves and Retained earnings	Net Profit / (loss) for the period			
BALANCE AS AT JANUARY 1, 2012	204.176	450	5.245	-4.447	-6.161	199.263	3.991	203.254
Restatement effect	-	-	-	-785	130	-655	-	-655
BALANCE AS AT JANUARY 1, 2012 RESTATED	204.176	450	5.245	-5.232	-6.031	198.608	3.991	202.599
Total earnings and costs recognized in the period	-	-	-189	-	-2.467	-2.656	138	-2.518
Previous year net profit and loss result	-	-	-	-6.161	6.161	-	-	-
Dividends	-	-	-	-	-	-	-102	-102
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Total of gains and losses of the period	-	-	-189	-6.161	3.695	-2.656	35	-2.621
BALANCE AS AT SEPTEMBER 30, 2012 RESTATED	204.176	450	5.055	-11.394	-2.337	195.952	4.026	199.978
BALANCE AS AT JANUARY 1, 2013	204.176	450	5.122	-10.609	-6.035	193.105	4.068	197.173
Restatement effect	-	-	-	-891	86	-805	-	-805
BALANCE AS AT JANUARY 1, 2013 RESTATED	204.176	450	5.122	-11.500	-5.949	192.300	4.068	196.368
Total earnings and costs recognized in the period	-	-	28	-	160	188	117	305
Previous year net profit and loss result	-	-	-	-5.949	5.949	-	-	-
Dividends	-	-	-	-36	-	-36	-102	-138
Changes in the consolidation perimeter	-	-	-	-	-	-	219	219
Other changes	-	-	-	-	-	-	-	-
Total of gains and losses of the period	-	-	28	-5.985	6.109	153	233	387
BALANCE AS AT SEPTEMBER 30, 2013 RESTATED	204.176	450	5.150	-17.484	160	192.453	4.302	196.755

To be read in conjunction with the Notes to the consolidated financial statements



INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED CASH FLOW STATEMENT AS AT SEPTEMBER 30, 2013

(Amounts expressed in thousand Euros) - direct method

	Notes	SEPTEMBER 30, 2013	3rd QUARTER 2013 *	SEPTEMBER 30, 2012	3rd QUARTER 2012 *
Cash flow generated from operating activities					
Cash receipts from customers		681.612	216.618	717.140	227.687
Payments to suppliers		-540.726	-175.997	-576.062	-184.976
Payments to personnel		-55.725	-18.281	-55.702	-17.258
Net cash from operational activities		85.161	22.340	85.376	25.453
Income taxes paid		-4.117	-419	-1.479	-182
Income taxes received		377	58	95	-
Other proceeds relating to operating activity		24.415	4.215	45.087	28.382
Other payments relating to operating activity		-70.753	-11.818	-95.200	-34.895
Net cash generated from operating activities	[1]	35.082	14.376	33.879	18.758
Cash flow from investing activities					
Proceeds from:					
Financial investments		24	-	801	2
Tangible fixed assets		924	-	1.372	1.372
Intangible assets		-	-	-	-
Interest and similar income		948	626	31	3
Dividends		22	-	-	-
		1.917	626	2.204	1.377
Payments in respect of:					
Financial investments		-1.301	-50	-4.369	-742
Tangible fixed assets		-1.909	-1.242	-884	-307
Intangible assets		-1.023	-478	-209	-8
Advances from third-party expenses		-	-	-	-
Loans granted		-	-	-	-
		-4.232	-1.770	-5.462	-1.057
Net cash used in investing activities	[2]	-2.316	-1.144	-3.258	320
Cash flow from financing activities					
Proceeds from:					
Loans obtained		46.431	22.033	66.312	21.686
Capital increases, repayments and share premiums		-	-	-	-
Treasury placements		-	-	-	-
Changes in ownership interests		-	-	-	-
		46.431	22.033	66.312	21.686
Payments in respect of:					
Loans obtained		-101.008	-33.214	-111.951	-30.559
Amortization of financial leases		-673	-182	-1.209	-433
Interest and similar expenses		-9.269	-2.901	-9.693	-2.961
Dividends		-	-	-	-
		-110.950	-36.296	-122.853	-33.953
Net cash used in financing activities	[3]	-64.519	-14.264	-56.541	-12.267
Increase / (decrease) in cash and cash-equivalent	[4] = [1] + [2] + [3]	-31.752	-1.032	-25.920	6.811
Effect of exchange differences		-14	24	27	-23
		-31.767	-1.008	-25.893	6.788
Cash and cash-equivalents at the beginning of period		-62.045	-	-70.826	-
Cash and cash-equivalents at the end of period	12	-93.812	-1.008	-96.719	6.788
		-31.766	-1.008	-25.893	6.788

To be read in conjunction with the Notes to the consolidated financial statements

* Non audited



INAPA - INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, SA

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF NINE MONTHS ENDED 30 SEPTEMBER 2013

(All amounts are expressed in thousands of Euros, unless otherwise specified)

1. INTRODUCTION

Inapa-Investimentos, Participações e Gestão, S.A. (Inapa -IPG) is the parent company of the Inapa Group, with the business purpose of owning and managing movable and fixed assets, holding shares in other companies, exploiting its own and third-party commercial and industrial establishments and providing support to companies in which it is a shareholder. Inapa - IPG is listed on the Euronext Lisbon stock exchange.

Head Office: Rua Castilho nº44 3º, 1250-071

Lisbon, Portugal

Share capital: 204,176,479.38 euros

N.I.P.C. (Corporate Tax Identification Number): 500 137 994

The Group comprises a "sub-holding" company (Gestinapa - SGPS, S.A.), which purposes is to directly hold all stakes in companies operating in Paper Merchanting.

As a result of its development and internationalisation plan, the Inapa Group holds shares in the paper merchanting sector in several European countries, specifically (i) Inapa Deutschland, GmbH headquartered in Germany, which holds stakes in Papier Union, GmbH, which, in turn is the controlling shareholder of Inapa Packaging, GmbH and Inapa VisualCom GmbH, all of which are incorporated in the same country, (ii) Inapa France, SA and subsidiary companies, operating in France and Belux, (iii) Inapa Switzerland, a subsidiary controlled directly and indirectly through Inapa Deutschland, GmbH, which operates in the Swiss market, (iv) Inapa Portugal – Distribuição de Papel, SA, the Portuguese company of the Group which has a stake in Inapa Angola-Distribuição de Papel, SA, (v) Inapa España Distribución Ibérica, SA, operating in Spain, which has a stake in Surpapel SL (a company that markets paper). and (vi) Europackging, SGPS, Lda, based in Portugal, that develops operations in Portugal and France through its subsidiaries (vii) one company located in the United Kingdom - Inapa Merchants Holding, Ltd, company without activity. The subsidiary Inapa Packaging, GmbH, in turn has two companies selling packaging material, namely Hennesen & Potthoff, GmbH and HTL - Verpackung, GmbH, respectively.



These consolidated financial statements were approved by Inapa-IPG's Board of Directors of 31 October 2013. It is the opinion of the Board that these financial statements appropriately reflect the Group's operations and financial position.

2. ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Inapa Group were prepared under the assumption that it will continue to operate and are based on the accounting books and records of the companies which comprise the Group. On the other hand, the interim financial statements for the nine months ending 30 September 2013 were prepared in compliance with the provisions of IAS 34 – Interim Financial Reporting and are published in conjunction with condensed Notes thereto, on account of which they are to be perused in conjunction with the annual consolidated financial statements reported to financial year ended 31 December 2012.

The consolidated financial statements of the Inapa Group are also prepared in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) subject to the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its former representative, the Standing Interpretations Committee (SIC), as endorsed in the European Union.

Accounting policies

The accounting policies applied in compiling these interim consolidated financial statements are consistent with the policies adopted by the Inapa Group in preparing its annual consolidated financial statements reported to the financial year ended 31 December 2012 and are detailed in the Notes to those financial statements, with the exception of the application of IAS 19 - Employee Benefits (revised) issued by the International Accounting Standards Board (IASB) in June 2011 with mandatory application from 1 January 2013 (see Note 3).

New standards, interpretations and amendments to standards

After 1 January 2013 the following standards, interpretations and amendments to existing standards came into effect following their publication by the IASB, by IFRIC and their adoption by the European Union:



- IAS 1 (amendment) – Presentation of Financial Statements;
- IAS 12 (amendment) – Income taxes;
- IAS 19 (revision) – Employee Benefits ;
- IFRS 1 (amendment) – First-time adoption of IFRS - Government loans ;
- IFRS 7 (amendment) – Financial Instruments: Disclosures – offsetting of financial assets and financial liabilities ;
- IFRS 13 – Fair Value Measurement ;
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine ;
- Improvements on 2009-2011 standards, annual improvement cycle 2009-2011 which affects: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

The entry into force of these standards had no material impact on the financial statements of the Group, with the exception of IAS 19 (revised 2011), which led to the restatement of the comparative figures presented in these financial statements.

The application of IAS 19 (revised 2011) implies differences in recognition and measurement of expenses for defined benefit plans, with impact on the disclosures to be made. Actuarial gains and losses to be recognized immediately and only in Other comprehensive income by eliminating the option of the corridor method, applied by the Group in previous financial statements. The impact from this change is disclosed in Note 3.

IASB and IFRIC published new standards, amendments to existing standards and interpretations, the application of which is still not obligatory for the period beginning until 30 September 2013 as they have not been adopted by European Union. These standards are either not relevant in the context of the present financial statements or Inapa has opted not to adopt them before time:

- IAS 27 (revision) – Separate Financial Statements (effective for periods beginning on or after January 1, 2014);
- IAS 28 (revision) – Investments in Associates and Joint Ventures (effective for periods beginning on or after January 1, 2014);
- IAS 32 (amendment) – Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after January 1, 2014);
- IAS 36 (amendment) – Amended by Recoverable Amount Disclosures for Non-Financial Assets (effective for periods beginning on or after January 1, 2014);
- IAS 39 (amendment) – Novation of Derivatives and Continuation of Hedge Accounting (effective for periods beginning on or after January 1, 2014);



- IFRS 9 – Financial instruments – accounting and measurement (effective for periods beginning on or after 1 January 2015);
- IFRS 10 – Consolidated Financial Statements (effective for periods beginning on or after 1 January 2014);
- IFRS 11 – Joint Arrangements (effective for periods beginning on or after 1 January 2014);
- IFRS 12 – Disclosure of Interests in Other Entities (effective for periods beginning on or after 1 January 2014);
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition regime (effective for periods beginning on or after 1 January 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Financial holding entities (effective for periods beginning on or after 1 January 2014);
- IFRIC 21 (New) – Government taxes (effective for periods beginning on or after 1 January 2014);

In the preparation of these financial statements the Group has not early adopted any of these standards.

According to the analysis made by Inapa, does not expect that the implementation of the amendments and new standards referred to above, which are not yet mandatory for the periods beginning on January 1, 2013, has significant impact on the financial statements of the Group with its entry into force

Estimates and material errors

No material errors or significant changes to accounting estimates relative to prior periods were recognised during the course of the first nine months of 2013.

Estimates made in preparing the financial statements for the nine months ended at September 30, 2013 have the same characteristics as in the preparation of financial statements for 2012.

Judgments and relevant assumptions

The preparation of financial statements was conducted in accordance with generally accepted accounting principles by use of estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses during the reporting period. It should be noted that although the estimates have been based on the best knowledge of the Board of Directors with respect to current events and actions, actual results may ultimately come to differ from them.



3. CHANGES IN ACCOUNTING POLICIES

During the first nine months of 2013 there were no significant changes in accounting policies has applied in the previous periods, with the exception of the adoption of IAS 19 - Employee Benefits (revised), which entered into force on January 1, 2013 (see Note 2). The adoption of this standard resulted in the gains and losses previously deferred and amortized over the estimated average future service of employees until retirement age, come to be recognized directly in equity. In these circumstances and in accordance with IAS 8, was carried the restatement of previously reported financial information presented for comparative purposes, for the year ended December 31, 2012, including the opening balances with effect from January 1, 2012. This way the Group has fully recognized all actuarial gains and losses in retained earnings. The restatement had made the following impacts:

<u>Consolidated Balance Sheet</u>	<u>December31, 2012</u> <u>Published</u>	<u>Restatement</u> <u>effect</u>	<u>December31, 2012</u> <u>Restated</u>
Equity			
Share capital	204.176	-	204.176
Share issue premium	450	-	450
Reserves	44.342	-	44.342
Retained earnings	-49.928	-891	-50.719
Net profit for the period	-6.035	86	-5.949
	<u>193.005</u>	<u>-805</u>	<u>192.300</u>
Non controlling interests	<u>4.068</u>	<u>-</u>	<u>4.068</u>
Total shareholders equity	<u>197.073</u>	<u>-805</u>	<u>196.368</u>
Liabilities			
Liabilities for employee benefits	4.002	805	4.807
<u>Balanço Consolidado</u>	<u>December31, 2011</u> <u>Published</u>	<u>Restatement</u> <u>effect</u>	<u>December31, 2011</u> <u>Restated</u>
Equity			
Share capital	204.176	-	204.176
Share issue premium	450	-	450
Reserves	44.465	-	44.465
Retained earnings	-43.667	-785	-44.452
Net profit for the period	-6.161	130	-6.031
	<u>199.263</u>	<u>-655</u>	<u>198.608</u>
Non controlling interests	<u>3.991</u>	<u>-</u>	<u>3.991</u>
Total shareholders equity	<u>203.254</u>	<u>-655</u>	<u>202.599</u>
Liabilities			
Liabilities for employee benefits	3.518	655	4.173



4. SALES AND SERVICE RENDERED AND OTHER INCOME

Sales and services rendered during the nine months to 30 September 2013 and 30 September 2012 brake down as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
<i>Domestic market</i>		
Goods sold	34.310	30.368
Service rendered	<u>265</u>	<u>153</u>
	<u>34.575</u>	<u>30.521</u>
<i>Exports</i>		
Goods sold	615.823	658.512
Service rendered	<u>7.388</u>	<u>8.676</u>
	<u>623.211</u>	<u>667.188</u>
Total	<u>657.786</u>	<u>697.709</u>

As at 30 September 2013 and 2012, Other income balance brake down as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
Supplementary income	488	565
Net cash discounts	6.567	7.640
Other income	10.353	9.903
	<u>17.408</u>	<u>18.108</u>

The item Other income includes a gain of 606 thousand euros related to the 75% shares acquisition of Tradembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, S.A. The gain recognized upon revaluation of the fair value of the assets and liabilities of the acquiree, comes from the surplus against the counterpart to be transferred by the acquisition.



5. OPERATING SEGMENTS

The information in the report by segment is presented in accordance with the identified operating segments: paper supply, packaging and visual communication. Holdings that are not imputed to the identified businesses are recorded under Other operations.

The results for each segment correspond to those that are directly attributable and those for which there is reasonable basis for attribution. Inter-segmental transfers are carried out at market prices and are not materially significant.

The breakdown of financial information on September 30, 2013 and 2012 for operating segments is as follows:

	30 September 2013						30 September 2012					
	Paper	Packaging	Visual Communication	Other operations	Eliminations on consolidations	Consolidated	Paper	Packaging	Visual Communication	Other operations	Eliminations on consolidations	Consolidated
REVENUES												
External sales	587.690	38.898	23.536	8		650.132	631.472	36.127	21.236	45	-	688.881
Inter-segment sales	599	1.923	2.557		-5.078	-	367	1.464	2.135	-	-3.966	-
Other revenues	23.105	458	616	882		25.061	25.994	339	369	234	-	26.936
Total Revenues	611.394	41.278	26.709	891	-5.078	675.193	657.833	37.930	23.740	280	-3.966	715.817
RESULTS												
Segment results	10.422	1.972	1.204	-2.253	-109	11.236	11.237	1.706	1.175	-2.449	352	12.021
Operacional results						11.236						12.021
Interest expenses	-5.171	-384	-192	-7.742	2.224	-11.265	-6.345	-314	-176	-9.303	2.525	-13.613
Interest income	2.021	5	31	738	-2.537	257	2.398	6	11	740	-2.875	280
Tax on profits						56	-	-	-	-	-	-1.019
Income from ordinary activities						283						-2.330
Gains/ (losses) in associated companies						-6						2
Net profit / (loss) for the year						277						-2.329
Attributable :												
Equity shareholders						160						-2.467
Non controlling interests						117						138

As at 30 September 2013 and 2012, paper sales per country where the Group operates were broken down as follows:

	Sales	
	30 September 2013	30 September 2012
Germany	320.510	332.223
France	142.590	161.451
Portugal	30.066	31.010
Others	94.524	106.788
	587.690	631.472



6. OTHER COSTS

As at the end of the nine months period ended to 30 September 2013 and 30 September 2012, the Other costs brake down as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
General and Administrative expenses	-58.567	-63.477
Indirect taxes	-2.957	-2.944
Other costs	-1.796	-550
Impairment to current assets	-2.209	-2.980
	<u><u>-65.529</u></u>	<u><u>-69.951</u></u>

7. FINANCIAL FUNCTION

As at the end of the nine months to 30 September 2013 and 30 September 2012, financial function was broken down as follows:

	<u>30 June 2013</u>	<u>30 June 2012</u>
Financial income		
Interest received	-	-
Favourable FX differences	95	63
Other financial income and profits	162	216
	<u>257</u>	<u>279</u>
Financial costs		
Interest paid	-8.082	-10.260
Unfavourable FX differences	-18	-46
Other financial losses and costs	-3.165	-3.306
	<u>-11.265</u>	<u>-13.612</u>
Net financial results	<u><u>-11.008</u></u>	<u><u>-13.333</u></u>



8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 September 2013 and 31 December 2012, Available-for-sale financial assets were broken down as follows:

	<u>30 September 2013</u>	<u>December 31, 2012</u>
Non current		
Other's	40	63
	<u>40</u>	<u>63</u>
Current		
Other's	-	-
	<u>-</u>	<u>-</u>

Changes in Available-for-sale financial assets during the nine month period to 30 September 2013 and year 2012 were as follows:

Opening balance as at 1 January 2011	675
Aquisitions	17
Disposals	-628
Changes in fair value	-1
Closing balance as at 31 December 2012	63
Aquisitions	-
Disposals	-23
Changes in fair value	-
Closing balance as at 30 September 2013	40



9. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS

As at 30 September 2013, the following subsidiary companies were consolidated on a full consolidation basis:

Subsidiary company name	Head Office	% Group holdings	Business operation	Direct holding company	Date of incorporation
Gestinapa - SGPS, SA	Rua Castilho, 44-3º 1250-071 Lisbon	100.00	SGPS	Inapa – IPG, SA	June 1992
Inapa-Portugal, SA	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	99.75	Paper Merchanting	Gestinapa - SGPS,SA	1988
Inapa Distribución Ibérica, SA	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid	100.00	Paper Merchanting	Gestinapa- SGPS, SA	December 1998
Inapa France, SA	91813 Corbeil Essones Cedex France	100.00	Paper Merchanting	Inapa – IPG, SA	May 1998
Logistipack – Carton Services,SA	14, Impasse aux Moines 91410 Dourdon France	100.00	Packaging	Europackaging SGPS, Lda	January 2008
Inapa Belgique	Vaucampslan, 30 1654 Huizingen Belgium	99.94	Paper Merchanting	Inapa-France, SA	May 1998
Inapa Luxemburg	211, Rue des Romains. L. 8005 Bertrange Luxemburg	97.81	Paper Merchanting	Inapa Belgique	Maio 1998
Inapa Deutschland, GmbH	Warburgstraß, 28 20354 Hamburgo Germany	97.60	Holding	Gestinapa- SGPS, SA	April 2000
Papier Union, GmbH	Warburgstraße, 28 20354 Hamburgo Germany	94.90	Paper Merchanting	Inapa Deutschland, GmbH	April 2000
Inapa Packaging, GmbH	Warburgstraß, 28 20354 Hamburgo Germany	100.00	Holding	Papier Union, GmbH	2006
HTL Verpackung, GmbH	Werner-von-Siemens Str 4-6 21629 Neu Wulmstorf Germany	100.00	Packaging	Inapa Packaging, GmbH	January 2006
Hennessen & Potthoff, GmbH	Tempelsweg 22 Tonisvorst Germany	100.00	Packaging	Inapa Packaging, GmbH	January 2006
Inapa Viscom, GmbH	Warburgstraß, 28 20354 Hamburgo Germany	100.00	Holding	Papier Union, GmbH	January 2008
Complott Papier Union, GmbH	Industriestrasse 40822 Mettmann Germany	100.00	Visual Communication	Inapa VisCom, GmbH	January 2008



Subsidiary company name	Head Office	% Group holdings	Business operation	Direct holding company	Date of incorporation
Inapa – Merchants, Holding, Ltd	Torrington House, 811 High Road Finchley N12 8JW United Kingdom	100.00	Holding	Gestinapa – SGPS, SA	1995
Inapa Suisse	Althardstrasse 301 8105 Regensdorf – Switzerland	100.00	Paper Merchating	Inapa-IPG,SA e Papier Union, GmbH	May 1998
Europackaging SGPS, Lda	Rua Castilho 44- 3º 1250-071 Lisboa	100.00	Holding	Inapa-IPG,SA e Gestinapa, SGPS,SA	October 2011
Edições Inapa, Lda	Rua Castilho 44- 3º 1250-071 Lisbon	100,00	Editorial	Inapa-IPG,SA e Gestinapa, SGPS,SA	November 2009
Inapa Angola – Distribuição de Papel, SA	Rua Amílcar Cabral nº 211 Edifício Amílcar Cabral nº 8º Luanda – Angola	100.00	Paper Merchating	Inapa Portugal, SA	December 2009
Semaq Emballages, SA	Rue de Strasbourg – ZI de Bordeaux Fret França	100.00	Packaging	Logistipack – Carton Services,SA	February 2012
Inapa Embalagem, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100.00	Packaging	Europackaging, SGPS, Lda	March 2012
Inapa Shared Center, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100.00	Shared services	Gestinapa, SGPS, SA e Inapa Portugal, SA	July 2012
Da Hora Artigos de Embalagem, Lda	Urbanização das Minhoteiras, lote 3 – Crestins Maia 4470-592 Moreira Maia	100.00	Packaging	Inapa Embalagem, Lda	November 2012
Crediforma – Papelaria e Equipamento Técnico, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100.00	Visual Communication I	Inapa Portugal SA	January 2013
Tradembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, S.A.	Rua da Industria, 9 Porto Salvo 2740 Oeiras	75,00	Embalagem	Inapa Embalagem, Lda.	setembro 2013

In the nine months ended at September 30, 2013, there were the following amendments in respect of the consolidated companies: (i) acquisition of subsidiary Crediforma – Papelaria e Equipamento Técnico, Lda.; (ii) acquisition of 75% share capital of Tradembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, S.A..



All balances and transactions with subsidiary companies were eliminated in consolidation process.

Were included in the consolidated financial statements by the equity method, under Investments in associated companies, the following companies:

<u>Associate company name</u>	<u>Shareholding company</u>	<u>% Holding</u>
Surpapel, SL	Inapa España Distribución Ibérica, SA	25,00
Inapa Logistics	Warburgstrasse,28 20354 Hamburg Alemanha	100,00
Inapa Vertriebsgesellschaft GmbH	Warburgstrasse,28 20354 Hamburg Alemanha	100,00

10. COMPANIES EXCLUDED FROM THE CONSOLIDATED ACCOUNTS

Holdings in the companies listed in the following table were not consolidated on a full consolidation basis. The impact of their exclusion is deemed to be materially irrelevant. Megapapier was not consolidated on a full consolidation basis due to the fact that the Group intends to liquidate it and it was valued at nil.

<u>Company name</u>	<u>Head Office</u>	<u>Direct Shareholder</u>	<u>% holdings</u>
Megapapier - Mafipa Netherland BV	PO Box 1097 3430 BB Nieuwegein Holand	Inapa France, SA	100%
Inapa Logistics	Warburgstrasse,28 20354 Hamburg Germany	Papier Union, GmbH	100%
Inapa Vertriebsgesellschaft GmbH	Warburgstrasse,28 20354 Hamburg Germany	Papier Union, GmbH	100%
Korda	Kasap Sokak Konak-Azer Ishar Inapa IPG, S.A. Kat. 2 No.12 Esentepe Sisli Istanbul, Turquia		100%



11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 September 2013 and 31 December 2012, Trade receivable was broken down as follows:

	<u>30 September 2013</u>	<u>December 31, 2012</u>
Trade receivables		
Trade receivables -Current account	129.922	133.039
Trade receivables -Bills receivable	5.682	10.692
Doubtful debt	<u>24.439</u>	<u>20.487</u>
	160.044	164.218
Cumulative impairment losses	-19.122	-17.890
Trade receivables - net balance	<u>140.922</u>	<u>146.328</u>

As at 30 September 2013 and 31 December 2012, the balance of Other assets was broken down as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Other non current assets		
Other debtors	29.451	29.136
Accumulated impairment losses	<u>-1.229</u>	<u>-1.236</u>
	<u>28.222</u>	<u>27.900</u>
Other current assets		
Stockholdings and stockholders	-	-
Advances to suppliers	638	911
Other debtors	15.849	16.014
Accumulated impairment losses	<u>-3.019</u>	<u>-3.019</u>
	12.830	12.995
Accrued income	14.277	21.015
Deferred costs	<u>3.260</u>	<u>1.943</u>
	<u>31.004</u>	<u>36.864</u>

12. CASH AND CASH-EQUIVALENT

The balance of Cash and cash-equivalent was broken down as follows:

	<u>30 September 2012</u>	<u>31 December 2012</u>	<u>30 September 2012</u>
Cash and cash-equivalent			
Banks	12.574	20.522	9.039
Cash	271	86	130
	<u>12.846</u>	<u>20.608</u>	<u>9.169</u>



Cash-flow Statement

For purposes of reconciliation to the Cash Flow Statement, Cash and cash-equivalent items are broken down as follows:

	30 September 2013	31 December 2012	30 September 2012
Cash and cash-equivalent			
Banks	12.574	20.522	9.039
Cash	271	86	130
Cash and cash-equivalent per balance sheet	12.846	20.608	9.169
Bank overdrafts	-106.657	-82.653	-105.888
Cash and Cash-equivalent per Cash-Flow statement	-93.812	-62.045	-96.719

The balance of Bank overdrafts includes creditor balances held on current accounts with financial institutions included in the balance of Loans (Note 16).

13. Impairment

During the nine months ended in 30 September 2013 the recognised asset impairments were as follows:

	Goodwill	Other intangible assets	Inventories	Trade receivables	Other current assets	Total
Balance as at January 1, 2012	11.766	27.464	1.059	11.259	4.240	55.788
Increases	-	-	285	8.995	30	9.310
Utilisation	-	-	-	-637	-15	-652
Reverseals	-	-	-468	-1.669	-	-2.137
Changes in the consolidation perimeter	-	-	-	-62	-	-62
Exchange rate differences	-	-	2	4	-	6
Balance as at December 31, 2012	11.766	27.464	878	17.890	4.255	62.253
Increases	-	-	306	2.252	-	2.558
Utilisation	-	-	-38	-1.149	-6	-1.194
Reverseals	-	-	-	-612	-	-612
Changes in the consolidation perimeter	-	-	200	748	-	948
Exchange rate differences	-	-	-1	-7	-	-8
Balance as at September 30, 2013	11.766	27.464	1.345	19.122	4.249	63.946



14. SHARE CAPITAL

At September 30, 2013 and December 31, 2012 share capital was represented by 450,980,441 shares, of which 150,000,000 shares have no par value ordinary nature and 300,980,441 preferred shares without voting rights, certificated and bearer with no par value (in 2010 share capital was represented by 150,000,000 ordinary shares with a nominal value of Euro 1 each). Equity is fully subscribed and issued.

The preference shares confer the right to a preferential dividend of 5% of their issue price (0.18 euros per share), taken from the profits that, under applicable law, may be distributed to shareholders. In addition to the preferential dividend rights, preference shares confer all the rights attaching to ordinary shares, except the right to vote. The preferred dividend that is not paid in a year must be paid within the following three years, before dividends on these, as long as there are distributable profits. In the case of the priority dividend is not fully paid during two years, preference shares are to confer voting rights on the same terms that the ordinary shares and only lost it in the year following that in which the dividends have been paid priority.

In compliance with the provisions of Articles 16 and 248 - B of the Securities Market Code and CMVM (the Portuguese Securities Market Commission) Regulation no. 5 / 2008, Inapa – Investimentos, Participações e Gestão, SA, was duly notified of the following qualified holdings of its shares by other companies or individuals:

Shareholder	30 September 2013			31 December 2012		
	Numbr of ordinary shares	% of ordinary shares	% Voting rights	Numbr of ordinary shares	% of ordinary shares	% Voting rights
Parpública – Participações Públicas (SGPS), SA	49.084.738	32,72%	32,72%	49.084.738	32,72%	32,72%
Shares attributed to Banco Comercial Português, SA (art 20º do CVM)	27.361.310	18,24%	18,24%	27.361.310	18,24%	18,24%
Fundo de Pensões do Grupo Banco Comercial Português	16.491.898	10,99%	10,99%	16.491.898	10,99%	10,99%
Banco Comercial Português	10.869.412	7,25%	7,25%	10.869.412	7,25%	7,25%
Nova Expressão SGPS, SA	9.035.000	6,02%	6,02%	7.500.000	5,00%	5,00%
Tiago Moreira Salgado	4.500.000	3,00%	3,00%	3.750.000	2,50%	2,50%

In compliance with the aforementioned applicable legislation and regulations, the Company was neither notified of any changes to the aforementioned holdings nor of any other holdings of other shareholders to whom voting rights equal to or greater than 2% of share capital may have accrued.



As at 30 September 2013, the Group did not hold own shares and no transactions involving own shares were recorded during the nine month period under analysis.

15. LOANS

As at 30 September 2013 and 31 December 2012, Loans balance were broken as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Current debt		
° Bank loans		
° Bank loans and other current financial instruments	106.657	82.653
° Commercial paper, redeemable at its nominal value, renewable, with maturity within one year	48.587	50.211
° Medium and long-term financial instruments (portion maturity within 1 year)	19.964	44.316
° Other current financial loans	8.464	43.878
Total current debt	<u>183.672</u>	<u>221.058</u>
Non- current debt		
° Bank loans		
° Medium and long-term financial instruments	107.297	84.115
° Other loans	-	-
	<u>107.297</u>	<u>84.115</u>
° Financing associated to financial assets - securitisation	40.537	52.872
Total non-current debt	<u>147.834</u>	<u>136.987</u>
Total debt	<u><u>331.506</u></u>	<u><u>358.045</u></u>

As at 30 September 2013 the bank loans conditions are similar to the ones of 31 December 2012.

As at 30 September 2013 and 31 December 2012, the net balance of consolidated financial debt is broken down as follows:



	<u>30 September 2013</u>	<u>31 December 2012</u>
Loans		
Current	183.672	221.058
Non-current	107.297	84.115
	<u>290.969</u>	<u>305.173</u>
Loans associated to financial assets - securitization	40.537	52.872
Financial leases debt	8.873	8.698
	<u>340.379</u>	<u>366.743</u>
Cash and cash-equivalents	12.846	20.608
Negotiable financial assets (listed securities)	-	-
Available-for-sale financial assets (listed securities)	-	-
	<u>12.846</u>	<u>20.608</u>
	<u><u>327.533</u></u>	<u><u>346.135</u></u>

16. SUPPLIERS AND OTHER CURRENT AND NON CURRENT LIABILITIES

As at 30 September 2013 and 31 December 2012, the balances of Suppliers and of Other current liabilities were broken down as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Suppliers		
Suppliers on current account	61.610	48.268
Trade bills account	-	-
Invoices pending reconciliation	2.828	991
	<u>64.438</u>	<u>49.259</u>
Other current liabilities		
Advances from clients	1.086	1.766
Fixed assets suppliers	1.144	1.116
Other creditors	8.727	9.082
Accruals and deferred items	9.592	8.758
	<u>20.548</u>	<u>20.722</u>



17. INCOME TAX

The amount of taxes in the Interim Consolidated Income Statement for the nine months to 30 September 2013, amounting to a total of 56 thousand Euros, equates to the liability for current income tax for the nine months period in the amount of 389 thousand Euros plus the balance of positives changes in deferred tax, amounting to 455 thousand Euros.

The differential between the nominal tax rate (average rate of 30%) and the effective company income tax rate (IRC company tax) for the Group, as at 30 September 2013, is detailed in the following table:

	<u>30 September 2013</u>
Net income before tax	222
Nominal company tax rate	30%
	<u>-66</u>
Income tax	56
	<u><u>-122</u></u>
Permanent differences- Germany	-305
Permanent differences- France	20
Permanent differences- Portugal	608
Changes in taxes rates	-190
Other	-11
	<u><u>122</u></u>

Deferred tax

All instances where future taxation due may come to be significantly impacted are reported in the financial statements as at 30 September 2013 and 31 December 2012.

The following table reports changes in deferred tax assets and liabilities during the nine months to 30 September 2013 and the financial year ended 31 December 2012:



	<u>01-01-2013</u>	<u>Changes in consolidation perimeter</u>	<u>Fair value reserves and other reserves</u>	<u>Net profit for the period</u>	<u>30-09-2013</u>
Deferred tax assets					
Taxable provisions	88	-	-	-	88
Reportable tax losses	17.432	-	-	966	18.398
Others	3.264	-	-	-108	3.156
	<u>20.785</u>	<u>-</u>	<u>-</u>	<u>858</u>	<u>21.643</u>
Deferred tax liabilities					
Fixed assets revaluation	-8.272	-	-	363	-7.909
Depreciation	-13.555	-	-	-818	-14.374
Others	-1.119	-	-	52	-1.067
	<u>-22.946</u>	<u>-</u>	<u>-</u>	<u>-403</u>	<u>-23.350</u>
Net deferred tax	<u>-2.161</u>	<u>-</u>	<u>-</u>	<u>455</u>	<u>-1.707</u>

	<u>01-01-2012</u>	<u>Changes in consolidation perimeter</u>	<u>Fair value reserves and other reserves</u>	<u>Net profit for the period</u>	<u>31-12-2012</u>
Deferred tax assets					
Taxable provisions	53	-	-	35	88
Reportable tax losses	16.425	-	-	1.007	17.432
Others	3.048	-	-	216	3.264
	<u>19.526</u>	<u>-</u>	<u>-</u>	<u>1.258</u>	<u>20.784</u>
Deferred tax liabilities					
Fixed assets revaluation	-8.152	-	-	-120	-8.272
Depreciation	-12.461	-	-	-1.093	-13.555
Others	-514	-	-	-604	-1.119
	<u>-21.128</u>	<u>-</u>	<u>-</u>	<u>-1.818</u>	<u>-22.946</u>
Net deferred tax	<u>-1.602</u>	<u>-</u>	<u>-</u>	<u>-559</u>	<u>-2.161</u>

Deferred tax assets are recognised for tax losses insofar as the use of their respective fiscal benefits is likely due to expected future taxable profits. The Group recognised a balance of 18,398 thousand Euros in deferred tax assets reported to tax losses which may come to be deducted from future taxable profits, as detailed in the following Table:

<u>Company name</u>	<u>Deferred tax balance</u>	<u>Due date</u>
Inapa France	8.422	ilimited
Inapa Distribución Ibérica	7.217	2022-2028
Portuguese group companies	127	2014-2017
Inapa Suisse	623	2019
Inapa Belgique	1.940	ilimited
Outros	69	
	<u>18.398</u>	



18. CONTINGENT LIABILITIES

On August, 1st 2007, Papelaria Fernandes – Indústria e Comércio, SA filed a suit against Inapa – Investimentos, Participações e Gestão, SA and its subsidiaries Inaprest – Prestação de Serviços, Participações e Gestão, SA (a liquidated company) and Inapa Portugal – Distribuição de Papel, SA, petitioning the Court to, in short:

- Annul the following acts:
 - The signature of a Mercantile Notarial Bond, in June 2006, which was pledged as a counter-guarantee to letters of comfort issued by Inapa – Investimentos, Participações e Gestão, SA as security for credit facilities granted to that company by Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
 - The effectiveness of certain transactions processed in 1991 for purposes of concentrating paper merchanting business in SDP (currently Inapa Portugal) and envelope production and sales business in Papelaria Fernandes;
 - The purchase of the holdings of Papelaria Fernandes in the share capital of SDP (currently Inapa Portugal), in 1994; and
 - The credit compensation arrangements agreed to by Papelaria Fernandes and Inaprest, also in 1994.
- Find Inapa guilty and sentence it to:
 - Continue to honour the letters of comfort issued in favour of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
 - Indemnify Papelaria Fernandes in the event of the aforementioned notarial bond being realised by the beneficiaries as a counter-guarantee to the said letters of comfort.



5. Mandatory information

5.1. Shares Held by Governing Bodies

Stakes held in the company by members of the Board of Directors and Statutory Auditor, in compliance with paragraph a) no. 1 of article 9.º of the CMVM Regulation no. 5/2008.

Board of Directors

Name	Number of shares	Voting rights
Álvaro João Pinto Correia	0	0%
José Manuel Félix Morgado	563 631	0,38%
António José Gomes da Silva Albuquerque	0	0%
Jorge Manuel Viana de Azevedo Pinto Bravo	0	0%
Arndt Klippgen	0	0%
Emídio de Jesus Maria	0	0%
João Miguel Pacheco Sales Luís	0	0%
Gonçalo de Faria Carvalho	0	0%

Chartered Accountant

Name	Number of shares	Voting rights
PricewaterhouseCoopers & Associados, SROC, Lda, representada por: - José Pereira Alves – ROC efectivo	0	0%
José Manuel Henriques Bernardo, ROC suplente	0	0%

5.2. Managerial Transactions

In compliance with the content of paragraph a) no. 1 of article 9 of the CMVM Regulation no. 5/2008, Inapa informs that during 2013 there were no transactions registered by any of its Governing Bodies members.



5.3. Statement of conformity

In compliance with the content of nº 1, Paragraph c) of Article 246 of CVM, the members of the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA hereby declare that, to the best of their knowledge, the information contained in the abridged consolidated financial statements reported to the six months ended on 30 September 2013 were elaborated in full conformance with the applicable accounting principles, providing a true and appropriate reflection of the assets and liabilities, financial standing, and results of the Company and its subsidiary and associate companies included in its consolidation perimeter and that its Interim Directors' Report faithfully reports on the performance of its statutory business and the set of companies included in its consolidated financial statements.

Lisbon, October, 31st 2013

Álvaro João Pinto Correia

Chairman of the Board of Directors

José Manuel Félix Morgado

Vice-Chairman and Chairman of the Executive Committee of the Board of Directors

Arndt Klippgen

Director of the Board of Directors

António José Gomes da Silva Albuquerque

Director and member of the Executive Committee of the Board of Directors

Jorge Manuel Viana de Azevedo Pinto Bravo

Director and member of the Executive Committee of the Board of Directors

Emídio de Jesus Maria

Director and Chairman of the Audit Committee

João Miguel Pacheco Sales Luís

Director and member of the Audit Committee

Gonçalo Faria Carvalho

Director and member of the Audit Committee



6. Additional information

WARNING

This document contains information and future estimates based on current expectations and management opinions deemed reasonable. Future estimates must not be considered consolidated facts and are subject to several unpredictable factors that may have an impact on future results.

Despite the fact that said estimates represent current expectations, investors, analysts and all those who may make use of this document are warned that future information is subject to uncertain factors and risks, of which many are difficult to forecast. All readers are warned not to attribute inappropriate importance to future estimates and information. We exempt ourselves of any responsibilities concerning any future estimates or information.

Report available on Inapa's website
www.inapa.pt

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Inapa is admitted to trading on the Euronext Stock Exchange. Information about the company may be checked under the tickers:

- Ordinary shares: INA
- Preferred shares: INAP

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