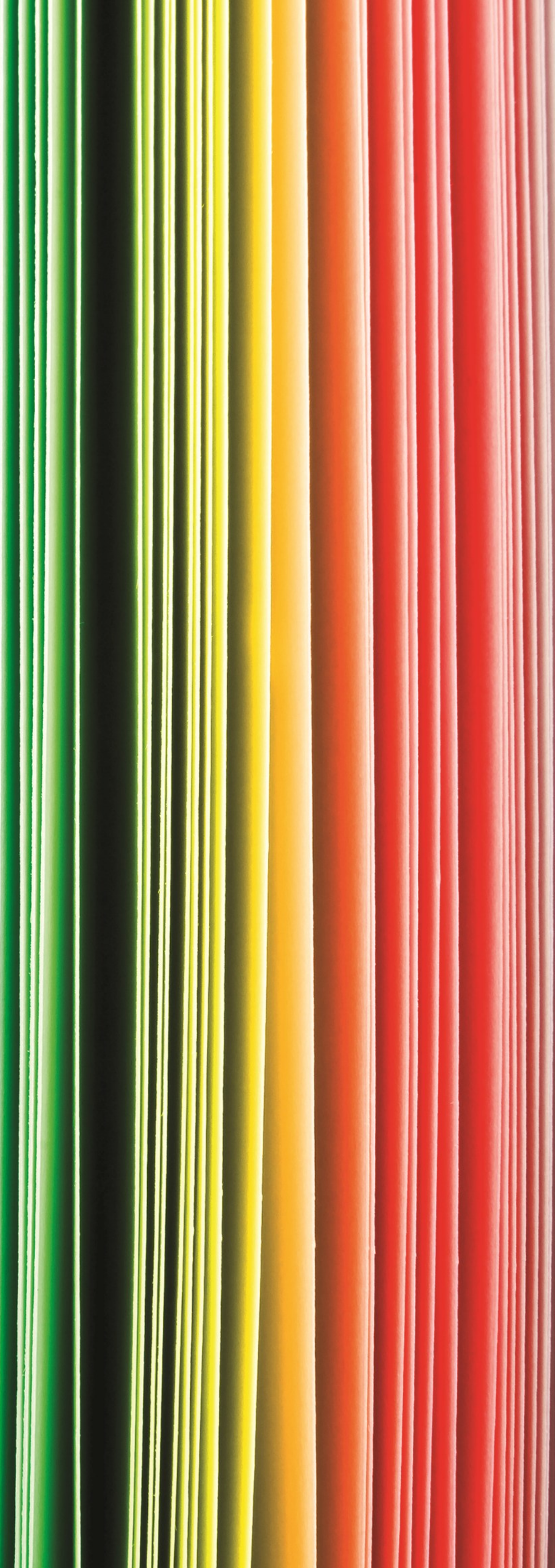
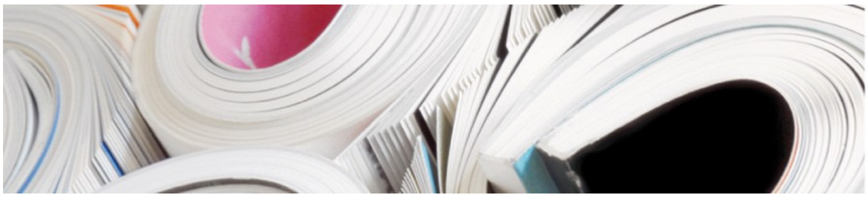


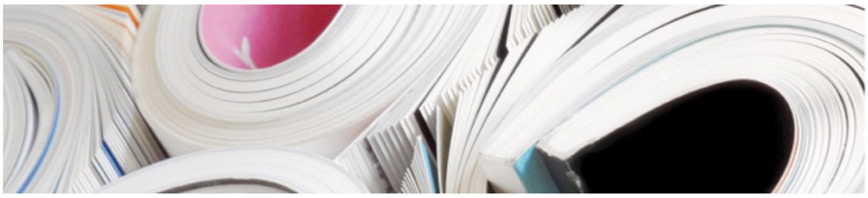
# Consolidated Results

## 1st Half 2012

inapa



# Contents



## 1. Highlights

**Gross margin recovery partially compensates sales decrease**

**Financial equilibrium reinforcement with 80M€ debt reduction**

### Generation of results

- Sales decrease 6.8% relatively to 2011
- Gross margin increased 0.8 percentage points to 18,4%
- Operational costs reduced 1.4%
- Recurrent EBITDA was 13.4 million Euros
- Operational results were 10.3 million Euros
- Financial costs decreased 13.6%
- Earnings before taxes were 1.1 million Euros
- Net income of 0.3 million Euros

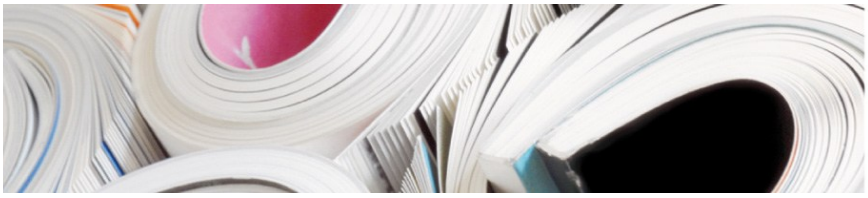
### Financial strength

- Working capital has decreased by 14.2% relatively to 1st half 2011
- Net debt decreased 80.0 million Euros comparing with the 1st half 2011 and 2.6 million Euros relatively to year end

**Chart 1_Main Consolidated Indicators**

| Million euros | 1H12 | 1H11 | Δ 12/11 | 2Q12 | 2Q11 | Δ 12/11 |
|---|---|---|---|---|---|---|
| Tons ('000) | 424 | 455 | -6.9% | 205 | 212 | -3.2% |
| Sales | 472.8 | 507.5 | -6.8% | 230.0 | 241.1 | -4.6% |
| Gross margin | 87.0 | 89.3 | -2.5% | 41.7 | 43.1 | -3.1% |
| Gross margin (%) | 18.4% | 17.6% | 0.8 pp | 18.1% | 17.9% | 0.3 pp |
| Operating costs[1] | 71.8 | 71.8 | 0.1% | 35.2 | 35.1 | 0.5% |
| Proforma operating costs[2] | 70.1 | 71.8 | -2.3% | 34.2 | 35.1 | -2.4% |
| Provisions | 1.8 | 1.5 | 20.9% | 0.9 | 0.5 | 62.9% |
| Re-EBITDA | 13.4 | 16.1 | -16.5% | 5.6 | 7.4 | -24.9% |
| Re-EBITDA margin (%) | 2.8% | 3.2% | -0.3 pp | 2.4% | 3.1% | -0.7 pp |
| EBIT | 10.3 | 12.8 | -19.4% | 4.1 | 6.0 | -31.8% |
| Net financial costs | 9.2 | 10.7 | -13.6% | 4.6 | 5.5 | -16.9% |
| EBT | 1.1 | 2.1 | -45% | -0.5 | 0.1 | -491% |
| Net income | 0.3 | 1.1 | -75% | -0.7 | -0.4 | 62% |
| Pro forma net income[3] | 0.3 | 0.7 | -58% | | | |
| | **30/6/12** | **30/6/11** | **Δ 12/11** | **31/12/11** | **Δ 6 months** | |
| Net Debt[4] | 355.1 | 435.1 | -18.4% | 357.7 | -0.7% | |
| Working capital | 183.5 | 213.9 | -14.2% | 190.2 | -3.5% | |

**(1)** Net of income from services and other income and excludes provisions **(2)** Without Semaq effect
**(3)** Excluding Tavistock effect **(4)** Includes securitization



## 2. Relevant facts

During the first half of 2012, the relevant facts to the business were:

| | |
|---|---|
| 2/13/2012 | Acquisition of Semaq (packaging company in France) |
| 2/23/2012 | Increase of qualified stake by Nova Expressão SGPS, SA |
| 3/27/2012 | Qualified stake by Tiago Moreira Salgado |
| 4/20/2012 | 2011 results announcement, annual report disclosure and notice of the General Meeting |
| 4/26/2012 | First quarter 2012 results announcement |
| 5/11/2012 | Ordinary General Assembly resolutions |

Until the date of publication of the report there were no additional relevant facts with impact on the business evolution.

# 3. Management report

## 3.1. Market analysis

The first half of 2012 was marked by uncertainty and the economic slowdown has been reported widely in the Euro area impacting the level of business investment in advertising and promotion, one of the key factors for the consumption of paper and that has translated in a strong decrease in paper demand.

Market conditions were particularly adverse when it comes to volumes, with a fall in demand and strong competition to compensate for shrinkage. In the first five months of 2012, according to data from Eugropa (European Association of Paper Wholesalers), in Inapa's five major markets, volumes were down 5.0%. Spain and Portugal where the markets with the most significant losses, with decreases of 16.1% and 16.7% of volumes traded.

**Chart 2_Evolution of volumes in Inapa core 5 (until May 2012)**

| Thousand tons | Volume | | |
|---|---|---|---|
| | **2012** | **2011** | **Δ 12/11** |
| Germany | 1,182 | 1,215 | -2.8% |
| France | 363 | 384 | -5.5% |
| Switzerland | 127 | 135 | -5.7% |
| Portugal | 35 | 42 | -16.7% |
| Spain | 145 | 173 | -16.1% |
| Core 5 | 1,852 | 1,950 | -5.0% |

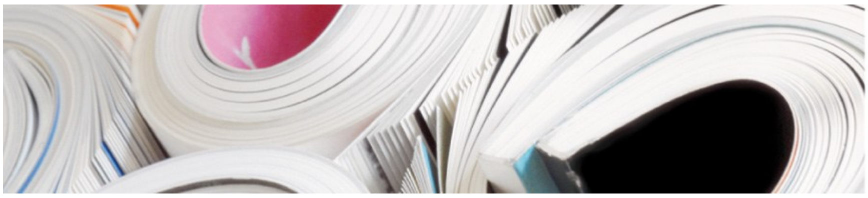
Source: Eugropa

The negative effect in terms of sales was amplified by the difficult economic context, the worst financial risk of the graphic and enterprise sector and paper price decreased.

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

## 3.2. Consolidated performance

Consolidated sales until June 2012 decreased 6.8% over the same period in 2011, reaching 472.8 million euros. The decrease is due to the sharp reduction in paper demand of 9.4% on key markets, the tight control of customer credit risk and the margin protection initiatives.





Despite the slowdown in activity, complementary businesses continued the trend of strong growth that has been registered, an increase of 20.3% reaching 52.2 million euros, representing 11.0% of sales compared to 8 5% in 2011.

**Chart 3_ Developments of the Paper, Packaging and Visual Communication Business**

| Million euros | 1H12 | | | 1H11 | |
|---|---|---|---|---|---|
| | Sales | Weight | Δ 12/11 | Sales | Weight |
| Paper | 420.7 | 89.0% | -9.4% | 464.1 | 91.5% |
| Complementary business | 52.2 | 11.0% | 20.3% | 43.4 | 8.5% |
| Packaging | 25.2 | 5.3% | 34.2% | 18.8 | 3.7% |
| Visual communication | 15.2 | 3.2% | 11.0% | 13.7 | 2.7% |
| Others[1] | 11.7 | 2.5% | 8.1% | 10.9 | 2.1% |
| Total | 472.8 | 100% | -6.8% | 507.5 | 100% |

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

During the first half of 2012 the above mentioned effort to recover commercial margin translated into a gross margin increased of 0.8 percentage points over 2011 to 18.6%, compensating partially the sales decrease.

Operational costs, due to the rigor on cost management, decreased 2.3% compared to 2011, on a comparable basis, as a result of lower distribution costs and administrative costs.

Despite the difficult economic context, client provisions remained at a low level, representing only 0.4% of sales, reflecting the protection of the credit insurance policy and a prudent view of the sales collection risk.

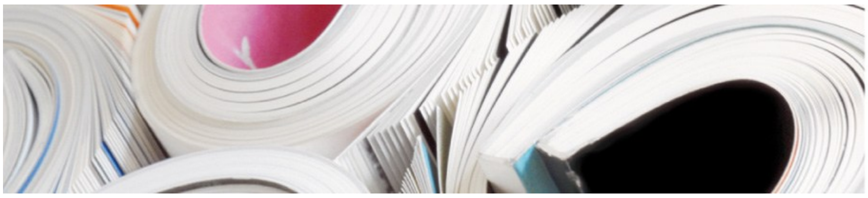
Until June, the re-EBITDA was 13.4 million euros, representing 2.8% of sales. Despite the reduction of volumes recorded, the evolution of complementary businesses and gross margin improvement allowed offset the negative evolution of the paper business. The complementary businesses - packaging and visual communication - continued to increase its weight in the Group's business, accounting for 17.7% of re-Consolidated EBITDA.

Operational results (EBIT) fell 19.4% to 10.3 million euros, representing 2.2% 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 half of 2011, declined 13.6% to 9.2 million, a decrease of 1.5 million euros. Despite the increase registered in credit conditions, the reduction of the gross debt led to a lower level of financial charges.

Earnings before tax were 1.1 million. The performance was affected by the volume decrease, which was partially compensated by the gross margin improvement, the operational costs contention and financial costs reduction.



Taxes for the period totaled 0.7 million euros, 0.1 million less than in 2011.

Until June, the consolidated net income stood at 0.3 million euros, which compares with 0.7 million euros in 2011 if the effect of Tavistock sale is excluded.

Working capital registered an improvement of 14.2% over June 2011, ie a reduction of 30.4 million euros. This evolution was due to improved management of working capital held by reducing the receivables days and improvement on stock management.

Due to the strong reduction in the working capital and the capital increase in 2011, net debt Inapa at June 2012 in a pro-forma basis (deducting 2.0 million euros of net debt due to Semaq acquisition) was 353.1 million euros, a decrease of 82.0 million compared to June 2011 or 4.6 million euros compared with December 2011.

## 3.3.Performance of the Group Business Areas

In the period of analysis the weight of complementary business (packaging and visual communication) on the Group operational results (EBIT), increased to 12.3% and 8.3% respectively, while paper reduced its weight from 84.7% to 79.4%.

### PAPER

In volume, sales in 1H12 decreased 10.1% comparing with 2011, from 455 thousand to 424 thousand tons. In value, paper business sales add to 435.0 million Euros, a 8.9% drop. The decrease on the average price relatively to the same period of 2011, 22 euros per ton, and the Group strict credit risk policy explained sales performance.

Until May, according to Eugropa, the Group market share was 18.8%, a 0.8 percentage point decrease relatively to the previous year.

Cross-selling in the paper business (namely the sale of graphic and office supplies) maintained the trend it has been registering, increasing 9%.

The strong effort to recover gross margin and improve the quality of the business, has allowed a gross margin improvement of 0.6 percentage points to 17.2%,

Operational results (EBIT) in the paper business were 9.7 million Euros, representing 2.2% of sales, a 15.3% decrease compared with previous year.

## PACKAGING

Packaging business had the highest growth, with a growth in the 1H12 of 34% relatively to 2011, with sales of 25.2 million Euros. In parallel with the registered growth, gross margin levels have also increased 1.3 percentage points comparing with the previous year.

Operational results (EBIT) grew 17% to 1.3 million Euros, representing 5.0% of sales.

## VISUAL COMMUNICATION

Visual communication had a strong growth, 11% when compared with 2011, with 15.2 million Euros of sales. Digital printing has registered a strong growth due to the innovation introduced in the market that has speed up the change from offset technologies.

Operational results (EBIT) grew 22%, to 0.9 million Euros, representing 5.7% of sales.

## 3.4.Future prospects

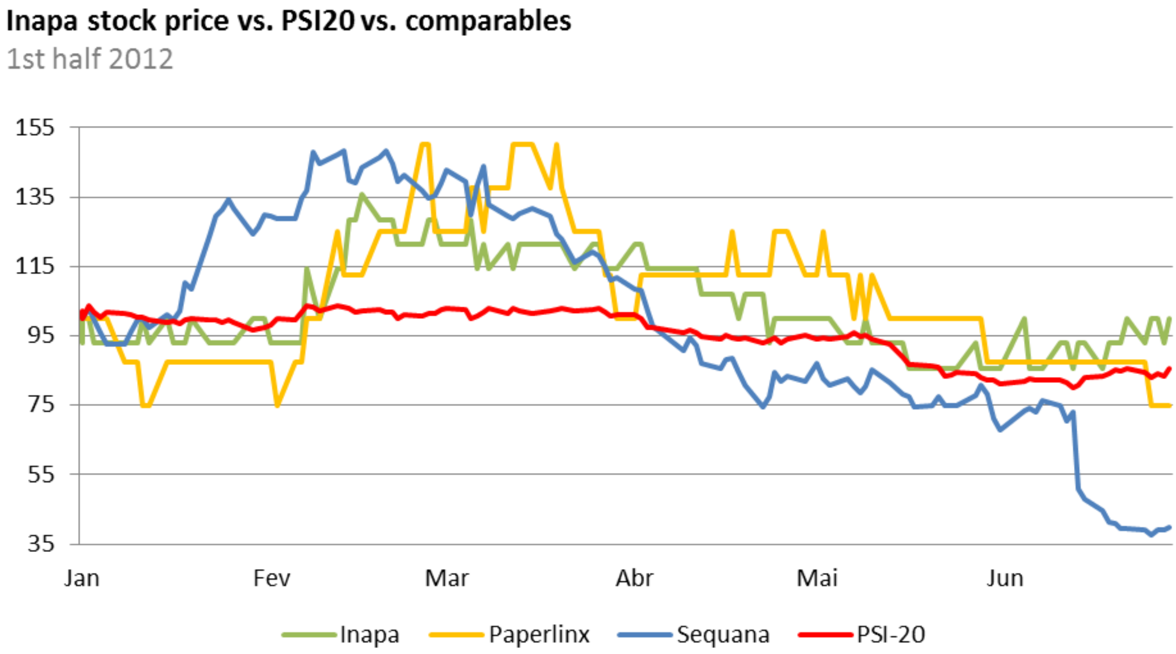
For 2012 it is expected a decrease in paper sales, due to slowdown that the major European economies have been experiencing and the customer credit risk management. Conversely, it is anticipated that complementary businesses, because of the partnerships established and best prospects for the industry, continue to grow.

With regard to major markets, including Germany, France and Switzerland (85% of consolidated sales) it is foreseen a better performance in volumes compared to the Iberian market (13% of Group sales) due to different economic environments and rhythms of the respective economies.

In order to extract the maximum value of the paper business, the Group will remain focused on the analysis of possible opportunities for optimization in the markets in which it operates, to reduce their operating costs, particularly through the standardization of information systems supporting the business and the consolidation of shared services center.

Complementary businesses should maintain the trend of growth and profitability have been recorded, with a consequent increase in its weight in revenues and operating results of the Group. The business of packaging will continue to absorb a significant portion of the Group's investment.

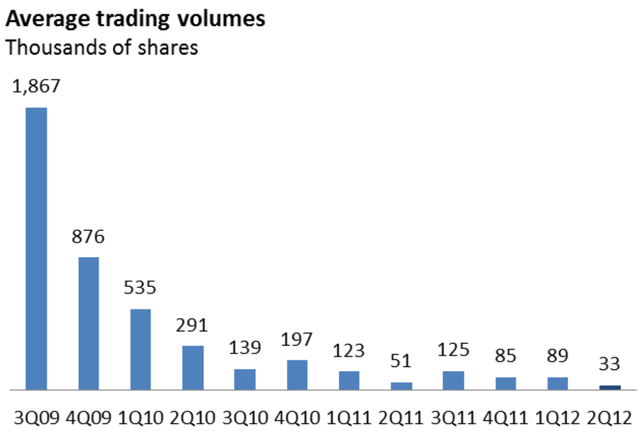
## 3.5.Stock market

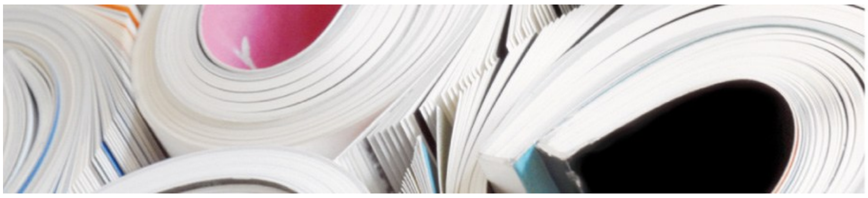



At the end of the first half of 2012 ordinary shares quote was similar to the 2011 year end, a performance above comparable.

In 1H11 Inapa's stock price remained unchanged at 0.14 Euros, which compares with a 14.5% drop of the PSI-20. The evolution of the shares followed a trend above other players in the industry, which saw their value decrease, especially during the second quarter of 2012.

Inapa trading volumes during the first half continue to reduce, comparing with the last semesters, with a 30% volume drop relatively to the first half of 2011.





# 4. Interim Consolidated Accounts

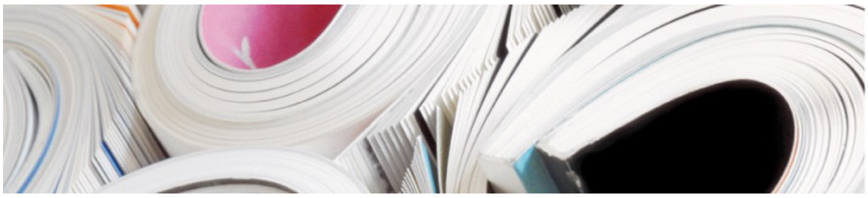
## INAPA - Investimentos, Participações e Gestão, SA

**CONSOLIDATED INCOME STATEMENT AS AT JUNE 30, 2012 AND JUNE 30, 2011**
(Amounts expressed in thousand of Euros)

| | Notes | JUNE 30, 2012 | 2nd QUARTER 2012 * | JUNE 30, 2011 | 2nd QUARTER 2011 * |
|---|---|---|---|---|---|
| **Tonnes *** | | **423,909** | **205,245** | **455,470** | **211,938** |
| Sales and service rendered | **3** | 478,761 | 233,071 | 513,424 | 244,185 |
| Other Income | **3** | 12,526 | 6,353 | 14,600 | 7,690 |
| **Total Income** | | **491,287** | **239,424** | **528,024** | **251,876** |
| Cost of sales | | -391,128 | -190,831 | -424,124 | -200,723 |
| Personal costs | | -39,238 | -19,469 | -39,574 | -19,614 |
| Other costs | **5** | -47,816 | -23,628 | -48,637 | -26,620 |
| | | **13,107** | **5,496** | **15,688** | **9,727** |
| Depreciations and amortizations | | -2,769 | -1,388 | -2,966 | -1,476 |
| Gains / (losses) in associates | | -1 | - | 12 | -396 |
| Net financial function | **6** | -9,203 | -4,576 | -10,655 | -4,420 |
| **Net profit before Income tax** | | **1,134** | **-468** | **2,079** | **119** |
| Income tax | **15** | -738 | -161 | -824 | -507 |
| **Net profit / (loss) for the period** | | **396** | **-629** | **1,255** | **-387** |
| **Attributable to :** | | | | | |
| Shareholders of the company | | 277 | -699 | 1,109 | -431 |
| Non controlling interests | | 119 | 71 | 146 | 43 |
| **Earnings per share of continued operations - €** | | | | | |
| Basic | | 0.002 | -0.004 | 0.007 | -0.003 |
| Diluted | | 0.002 | -0.004 | 0.007 | -0.003 |

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

* Non audited

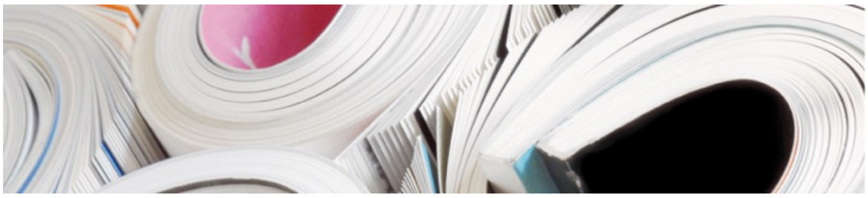


## INAPA - Investimentos, Participações e Gestão, SA

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT JUNE 30, 2012**
(Amounts expressed in thousand of Euros)

| | JUNE 30, 2012 | 2nd QUARTER 2012 * | JUNE 30, 2011 | 2nd QUARTER 2011 * |
|---|---|---|---|---|
| **Net profit for the period before minority interest** | **396** | **-629** | **1,255** | **-387** |
| Available-for-sale financial assets carried at fair value | - | - | - | - |
| Exchange differences on translating foreign operations | -108 | 153 | 423 | 1,822 |
| **Earnings directly recognised in equity** | **-108** | **153** | **423** | **1,822** |
| **Total comprehensive income for the period** | **289** | **-476** | **1,678** | **1,434** |
| **Attributable to :** | | | | |
| Shareholders of the company | 169 | -547 | 1,532 | 1,391 |
| Non controlling interests | 119 | 71 | 146 | 43 |
| | **288** | **-476** | **1,678** | **1,434** |

To be read in conjuction with the Notes to the consolidated financial statements
* Non audited



## INAPA - Investimentos, Participações e Gestão, SA

**CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2012 and DECEMBER 31, 2011**

(Amounts expressed in thousand euros)

| | Notes | June 30, 2012 | December 31, 2011 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Tangible fixed assets | | 94,688 | 95,884 |
| Goodwill | | 143,044 | 140,338 |
| Other intangible assets | | 110,772 | 111,227 |
| Investment in associate companies | | 1,070 | 1,071 |
| Available-for-sale financial assets | 7 | 47 | 47 |
| Other non-current assets | 10 | 21,873 | 21,835 |
| Deferred tax assets | 16 | 19,900 | 19,526 |
| **Total non-current assets** | | 391,394 | 389,928 |
| **CURRENT ASSETS** | | | |
| Inventories | | 70,957 | 71,029 |
| Trade receivables | 10 | 172,384 | 166,619 |
| Tax to be recovered | | 6,667 | 7,286 |
| Available-for-sale financial assets | 7 | - | 628 |
| Other current assets | 10 | 38,041 | 38,392 |
| Cash and cash-equivalents | 11 | 10,396 | 15,047 |
| **Total current assets** | | 298,445 | 299,000 |
| **Total assets** | | **689,840** | **688,928** |
| **SHAREHOLDERS EQUITY** | | | |
| Share capital | 13 | 204,176 | 204,176 |
| Own shares | | - | - |
| Share issue premium | | 450 | 450 |
| Reserves | | 44,357 | 44,465 |
| Retained earnings | | -49,829 | -43,667 |
| Net profit for the period | | 277 | -6,161 |
| | | 199,432 | 199,263 |
| Minority interests | | 4,007 | 3,991 |
| **Total shareholders equity** | | **203,439** | **203,254** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Loans | 14 | 137,974 | 148,469 |
| Financing associated to financial assets | 14 | 37,112 | 38,061 |
| Deferred tax liabilities | 16 | 21,687 | 21,128 |
| Provisions | | 304 | 391 |
| Liabilities for employee benefits | | 3,557 | 3,518 |
| Other non-current liabilities | | 8,162 | 8,711 |
| **Total non-current liabilities** | | 208,797 | 220,278 |
| **Current liabilities** | | | |
| Loans | 14 | 181,059 | 176,259 |
| Suppliers | 15 | 59,845 | 47,402 |
| Tax liabilities | | 15,413 | 18,073 |
| Other current liabilities | 15 | 21,287 | 23,661 |
| **Total current liabilities** | | 277,604 | 265,395 |
| **Total shareholders equity and liabilities** | | **689,840** | **688,928** |

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

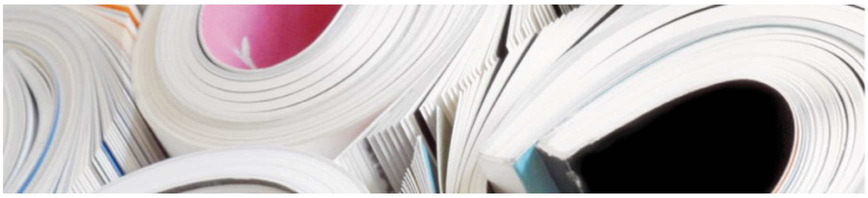
## INAPA - Investimentos, Participações e Gestão, SA

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AS AT JUNE 30, 2012 AND JUNE 30, 2011**

(Amounts expressed in thousand of Euros)

| | Attributable to shareholders | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share Capital** | **Share issuance premium** | **Foreign Exchange Adjustments** | **Other reserves and Retained earnings** | **Net Profit / (loss) for the period** | **Total** | **Non-controlling interests** | **Total Shareholders Equity** |
| **BALANCE AS AT DECEMBER 31, 2010** | **150,000** | **2,937** | **5,338** | **-3,115** | **3,666** | **158,826** | 1,032 | **159,858** |
| Total earnings and costs recognized in the period | - | - | 423 | - | 1,109 | **1,532** | 146 | **1,678** |
| Previous year net profit and loss result | - | - | - | 3,666 | -3,666 | **-** | - | **-** |
| Dividends | - | - | - | - | - | **-** | -146 | **-146** |
| Other changes | - | - | - | 1,460 | - | **1,460** | 2,921 | **4,381** |
| **Total de Gains and losses of the period** | **-** | **-** | **423** | **5,126** | **-2,557** | **2,992** | **2,921** | **5,913** |
| **BALANCE AS AT JUNE 30, 2011** | **150,000** | **2,937** | **5,761** | **2,011** | **1,109** | **161,818** | **3,953** | **165,771** |
| **BALANCE AS AT DECEMBER 31, 2011** | **204,176** | **450** | **5,245** | **-4,447** | **-6,161** | **199,263** | **3,991** | **203,254** |
| Total earnings and costs recognized in the period | - | - | -108 | - | 277 | **169** | 119 | **288** |
| Previous year net profit and loss result | - | - | - | -6,161 | 6,161 | **-** | - | **-** |
| Dividends | - | - | - | - | - | **-** | -103 | **-103** |
| Other changes | - | - | - | - | - | **-** | - | **-** |
| **Total de Gains and losses of the period** | **-** | **0** | **-108** | **-6,161** | **6,438** | **169** | **17** | **185** |
| **BALANCE AS AT JUNE 30, 2012** | **204,176** | **450** | **5,137** | **-10,609** | **277** | **199,432** | **4,007** | **203,439** |

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



## INAPA - Investimentos, Participações e Gestão, SA

### CONSOLIDATED CASH FLOW STATEMENT AS AT JUNE 30, 2012 AND JUNE 30, 2011

(Amounts expressed in thousand Euros) - direct method

| | Notes | JUNE 30, 2012 | 2nd QUARTER 2012 * | JUNE 30, 2011 | 2nd QUARTER 2011 * |
|---|---|---|---|---|---|
| **Cash flow generated from operating activities** | | | | | |
| Cash receipts from customers | | 489,453 | 244,550 | 526,546 | 271,930 |
| Payments to suppliers | | -391,086 | -205,112 | -437,381 | -219,562 |
| Payments to personnel | | -38,444 | -18,666 | -40,617 | -19,362 |
| **Net cash from operational activities** | | 59,923 | 20,773 | 48,548 | 33,006 |
| Income taxes paid | | -1,297 | -191 | -136 | -80 |
| Income taxes received | | 95 | - | 284 | 31 |
| Other proceeds relating to operating activity | | 16,705 | 2,660 | 34,497 | 10,798 |
| Other payments relating to operating activity | | -60,305 | -23,017 | -70,522 | -43,389 |
| **Net cash generated from operating activities** | \|1\| | 15,121 | 225 | 12,672 | 366 |
| **Cash flow from investing activities** | | | | | |
| Proceeds from: | | | | | |
| Financial investments | | 799 | 634 | 816 | 143 |
| Tangible fixed assets | | - | - | 372 | 6 |
| Intangible assets | | - | - | - | - |
| Interest and similar income | | 28 | 17 | 379 | 308 |
| Dividends | | - | - | - | - |
| | | 827 | 651 | 1,567 | 457 |
| Payments in respect of: | | | | | |
| Financial investments | | -3,627 | -745 | -807 | -782 |
| Tangible fixed assets | | -577 | -480 | -664 | -438 |
| Intangible assets | | -201 | -66 | -517 | -249 |
| Advances from third-party expenses | | - | - | - | - |
| Loans granted | | - | - | - | - |
| | | -4,405 | -1,292 | -1,988 | -1,469 |
| **Net cash used in investing activities** | \|2\| | -3,578 | -641 | -421 | -1,012 |
| **Cash flow from financing activities** | | | | | |
| Proceeds from: | | | | | |
| Loans obtained | | 44,626 | 12,919 | 66,487 | 41,012 |
| Capital increases, repayments and share premiums | | - | - | - | - |
| Treasury placements | | - | - | - | - |
| Changes in ownership interests | | - | - | 700 | 700 |
| | | 44,626 | 12,919 | 67,187 | 41,712 |
| Payments in respect of: | | | | | |
| Loans obtained | | -81,392 | -39,639 | -70,815 | -48,073 |
| Amortization of financial leases | | -776 | -392 | -880 | -479 |
| Interest and similar expenses | | -6,732 | -3,815 | -7,741 | -5,137 |
| Dividends | | - | - | -710 | -710 |
| | | -88,900 | -43,845 | -80,147 | -54,400 |
| **Net cash used in financing activities** | \|3\| | -44,274 | -30,926 | -12,960 | -12,688 |
| Increase / (decrease) in cash and cash-equivalent **\|4\| = \|1\| + \|2\| + \|3\|** | | -32,731 | -31,342 | -709 | -13,334 |
| Effect of exchange differences | | 50 | -44 | 177 | 116 |
| | | -32,681 | -31,386 | -532 | -13,218 |
| Cash and cash-equivalents at the begining of period | | -70,826 | - | -105,285 | - |
| Cash and cash-equivalents at the end of period | 11 | -103,507 | -31,386 | -105,817 | -13,218 |
| | | -32,681 | -31,386 | -532 | -13,218 |

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

**INAPA - INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, SA**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2012**

(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, Inapa VisualCom GmbH, and PMF-Factoring, 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 Distribuición Ibérica, SA, operating in Spain, which has a stake in Surpapel SL (a company that markets paper). and (vi) in 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 Hennessen & Potthoff, GmbH and HTL - Verpackung, GmbH, respectively.

These consolidated financial statements were approved by Inapa-IPG's Board of Directors of 24 August 2012. 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 six months ending 30 June 2012 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 2011.

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 2011 and are detailed in the Notes to those financial statements.

After 1 January 2012 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:

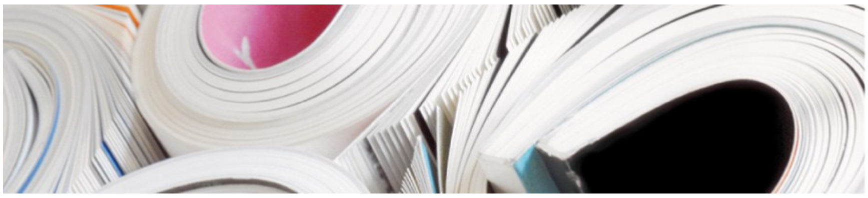
- IFRS 7 (amendment) – Financial Assets and Financial Liabilities: disclosures - transfers of financial assets;

The present financial statements of the Group were not affected by these coming into effect.

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 June 2012 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 1 (amendment) – Presentation of Financial Statements (effective for periods beginning on or after July 1, 2012;
- IAS 12 (amendment) – Income taxes (effective for periods beginning on or after January 1, 2012);
- IAS 19 (amendment) – Employee Benefits (effective for periods beginning on or after January 1, 2013);
- IAS 27 (revision) – Separate Financial Statements (effective for periods beginning on or after January 1, 2013);
- IAS 28 (revision) – Investments in Associates and Joint Ventures (effective for periods beginning on or after January 1, 2013);
- IAS 32 (amendment) – Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after January 1, 2014);
- Amendments resulting from Annual Improvements 2009-2011 Cycle (effective for periods beginning on or after January 1, 2014). The process affects the following standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.
- IFRS 1 (amendment) – First-time adoption of IFRS (effective for periods beginning on or after 1 January 2012);
- IFRS 1 (amendment) – First-time adoption of IFRS - Government loans (effective for periods beginning on or after 1 January 2013);
- IFRS 7 (amendment) – Financial Instruments: Disclosures – offsetting of financial assets and financial liabilities (effective for periods beginning on or after 1 July 2013);
- 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 2013);
- IFRS 11 – Joint Arrangements (effective for periods beginning on or after 1 January 2013);
- IFRS 12 – Disclosure of Interests in Other Entities (effective for periods beginning on or after 1 January 2013);
- IFRS 13 – Fair Value Measurement (effective for periods beginning on or after 1 January 2013);
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (effective for periods beginning on or after 1 January 2013);

Of the various standards, revisions and amendments already published by IASB or by IFRIC given above that are not yet in force, have not yet been adopted by European Union, coming into effect only after their publication in the associated Regulation.



**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 half of 2012.

Estimates made in preparing the financial statements for the six months ended June 30, 2012 have the same characteristics as in the preparation of financial statements for 2011.

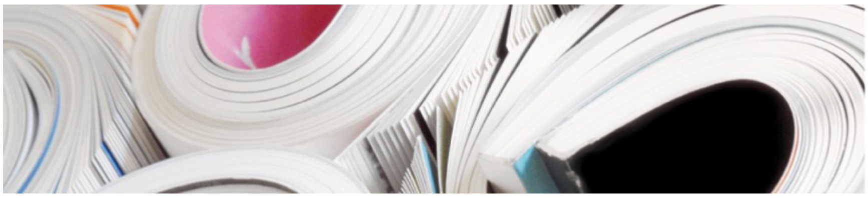
## 3. SALES AND SERVICE RENDERED AND OTHER INCOME

Sales and services rendered during the six months to 30 June 2012 and 30 June 2011 brake down as follows:

| | 30 June 2012 | 30 June 2011 |
|---|---|---|
| ***Domestic market*** | | |
| Goods sold | 21.261 | 29.132 |
| Service rendered | 40 | 93 |
| | 21.301 | 29.225 |
| ***Exports*** | | |
| Goods sold | 451.597 | 478.336 |
| Service rendered | 5.863 | 5.863 |
| | 457.460 | 484.199 |
| **Total** | **478.761** | **513.424** |

As at 30 June 2012 and 2011, Other income balance brake down as follows:

| | 30 June 2012 | 30 June 2011 |
|---|---|---|
| Supplementary income | 363 | 298 |
| Net cash discounts | 5.270 | 5.926 |
| Other income | 6.893 | 8.376 |
| | **12.526** | **14.600** |




## 4. 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 June 30, 2012 and 2011 for operating segments is as follows:

| | 30 June 2012 | | | | | | 30 June 2011 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Paper | Packaging | Visual Comunication | Other operations | Eliminations on consoli-dations | Consolidated | Paper | Packaging | Visual Comunication | Other operations | Eliminations on consoli-dations | Consolidated |
| **REVENUES** | | | | | | | | | | | | |
| External sales | 434,773 | 24,139 | 13,932 | 14 | - | **472,858** | 476,865 | 17,891 | 12,704 | 8 | - | **507,468** |
| Inter-segment sales | 253 | 1,052 | 1,300 | - | -2,605 | **-** | 402 | 887 | 1,024 | - | -2,313 | **-** |
| **Other revenues** | 17,599 | 293 | 270 | 267 | - | **18,429** | 19,391 | 126 | 333 | 706 | - | **20,556** |
| **Total Revenues** | **452,625** | **25,483** | **15,502** | **281** | **-2,605** | **491,287** | **496,658** | **18,904** | **14,061** | **714** | **-2,313** | **528,024** |
| **RESULTS** | | | | | | | | | | | | |
| Segment results | 9,745 | 1,334 | 880 | -1,661 | 40 | 10,338 | 11,504 | 1,072 | 736 | -1,195 | 605 | 12,722 |
| **Operacional results** | | | | | | **10,338** | | | | | | **12,722** |
| Interest expenses | -4,374 | -203 | -121 | -6,449 | 1,794 | -9,353 | -5,971 | -146 | -147 | -7,011 | 2,138 | -11,137 |
| Interest income | 1,590 | 4 | 7 | 496 | -1,947 | 150 | 1,619 | 2 | 1 | 1,152 | -2,292 | 482 |
| Tax on profits | - | - | - | - | - | -738 | - | - | - | - | - | -824 |
| **Income from ordinary activities** | | | | | | **397** | | | | | | **1,244** |
| Gains/ (losses) in associated companies | | | | | | -1 | | | | | | 12 |
| **Net profit /(loss) for the year** | | | | | | **396** | | | | | | **1,255** |
| **Attributable :** | | | | | | | | | | | | |
| Equity shareholders | | | | | | 278 | | | | | | 1,110 |
| Non controlling interests | | | | | | 119 | | | | | | 146 |

As at 30 June 2012 and 2011, paper sales per country where the Group operates were broken down as follows:

| | Sales | |
|---|---|---|
| | 30 June 2012 | 30 June 2011 |
| Germany | 220,973 | 234,942 |
| France | 116,677 | 122,558 |
| Portugal | 21,404 | 29,546 |
| Others | 75,719 | 89,820 |
| | **434,773** | **476,865** |

## 5. OTHER COSTS

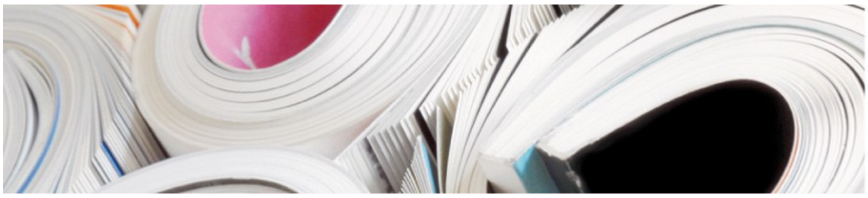
As at the end of the six month period to 30 June 2012 and 30 June 2011, the Other costs brake down as follows:

| | 30 June 2012 | 30 June 2011 |
|---|---|---|
| General and Administrative expenses | -43.706 | -44.353 |
| Indirect taxes | -2.023 | -1.839 |
| Other costs | -323 | -988 |
| Impairment to current assets | -1.762 | -1.458 |
| | **-47.814** | **-48.638** |

## 6. FINANCIAL FUNCTION

As at the end of the six months to 30 June 2012 and 30 June 2011, financial function was broken down as follows:

| | 30 June 2012 | 30 June 2011 |
|---|---|---|
| **Financial income** | | |
| Interest received | 0 | 45 |
| Favourable FX differences | 36 | 114 |
| Other financial income and profits | 114 | 323 |
| | **150** | **482** |
| **Financial costs** | | |
| Interest paid | -7.188 | -5.492 |
| Unfavourable FX differences | -71 | -387 |
| Other financial losses and costs | -2.093 | -5.258 |
| | **-9.352** | **-11.137** |
| **Net financial results** | **-9.203** | **-10.655** |





## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2012 and 31 December 2011, Available-for-sale financial assets were broken down as follows:

| | 30 June 2012 | 30 June 2011 |
|---|---|---|
| **Non current** | | |
| Other´s | 47 | 47 |
| | **47** | **47** |
| **Current** | | |
| BANIF - Unidades de participação em fundos de investimento | - | 628 |
| | **-** | **628** |

Changes in Available-for-sale financial assets during six month period to 30 June 2012 and year 2011 were as follows:

| | |
|---|---|
| **Opening balance as at 1 January 2011** | **673** |
| Aquisitions | 2 |
| Disposals | - |
| Changes in fair value | - |
| **Closing balance as at 31 December 2011** | **675** |
| Aquisitions | - |
| Disposals | -628 |
| Changes in fair value | - |
| **Closing balance as at 30 June 2012** | **47** |

## 8. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS

As at 30 June 2012, 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<br>1250-071 Lisbon | 100.00 | SGPS | Inapa – IPG, SA | June 1992 |
| Inapa-Portugal, SA | Rua das Cerejeiras, nº 5, Vale Flores<br>São Pedro de Penaferrim<br>2710 Sintra | 99.75 | Paper Merchanting | Gestinapa - SGPS,SA | 1988 |
| Inapa Distribuición Ibérica, SA | c/ Delco Polígono Industrial Ciudad del Automóvil<br>28914 Leganés, Madrid | 100.00 | Paper Merchanting | Gestinapa-SGPS, SA | December 1998 |
| Inapa France, SA | 91813 Corbeil Essones<br>Cedex<br>France | 100.00 | Paper Merchanting | Inapa – IPG, SA | May 1998 |
| Logistipack – Carton Services,SA | 14, Impasse aux Moines<br>91410 Dourdon<br>France | 100.00 | Packaging | Europackaging SGPS, Lda | January 2008 |
| Inapa Belgique | Vaucampslan, 30<br>1654 Huizingen<br>Belgium | 99.94 | Paper Merchanting | Inapa-France, SA | May 1998 |
| Inapa Luxemburg | 211, Rue des Romains. L.<br>8005 Bertrange<br>Luxemburg | 97.81 | Paper Merchanting | Inapa Belgique | Maio 1998 |
| Inapa Deutschland, GmbH | Warburgstraβ, 28<br>20354 Hamburgo<br>Germany | 97.60 | Holding | Gestinapa-SGPS, SA | April 2000 |

| Subsidiary company name | Head Office | % Group holdings | Business operation | Direct holding company | Date of incorporation |
|---|---|---|---|---|---|
| Papier Union, GmbH | Warburgstraβe, 28<br>20354 Hamburgo<br>Germany | 94.90 | Paper Merchanting | Inapa Deutschland, GmbH | April 2000 |
| PMF- Print Medien Factoring , GmbH | Warburgstraβ, 28<br>20354 Hamburgo<br>Germany | 100.00 | Factoring | Papier Union, GmbH | September 2005 |
| Inapa Packaging, GmbH | Warburgstraβ, 28<br>20354 Hamburgo<br>Germany | 100.00 | Holding | Papier Union, GmbH | 2006 |
| HTL Verpackung, GmbH | Werner-von-Siemens<br>Str 4-6 21629 Neu Wulmstrof<br>Germany | 100.00 | Packaging | Inapa Packaging, GmbH | January 2006 |
| Hennessen & Potthoff, GmbH | Tempelsweg 22<br>Tonisvorst<br>Germany | 100.00 | Packaging | Inapa Packaging, GmbH | January 2006 |
| Inapa Viscom, GmbH | Warburgstraβ, 28<br>20354 Hamburgo<br>Germany | 100.00 | Holding | Papier Union, GmbH | January 2008 |
| Complott Papier Union, GmbH | Industriestrasse<br>40822 Mettmann<br>Germany | 100.00 | Visual Communication | Inapa VisCom, GmbH | January 2008 |
| Inapa – Merchants, Holding, Ltd | Torrington House, 811 High Road<br>Finchley N12 8JW<br>United Kingdom | 100.00 | Holding | Gestinapa – SGPS ,SA | 1995 |
| Inapa Suisse | Althardstrasse 301<br>8105 Regensdorf<br>– Switzerland | 100.00 | Paper Merchanting | Inapa-IPG,SA e Papier Union, GmbH | May 1998 |
| Europackaging SGPS, Lda | Rua Castilho 44-3º<br>1250-071 Lisboa | 100.00 | Holding | Inapa-IPG,SA e Gestinapa, SGPS,SA | October 2011 |
| Edições Inapa, Lda | Rua Castilho 44-3º<br>1250-071 Lisbon | 100,00 | Editorial | Inapa-IPG,SA e Gestinapa, SGPS,SA | November 2009 |

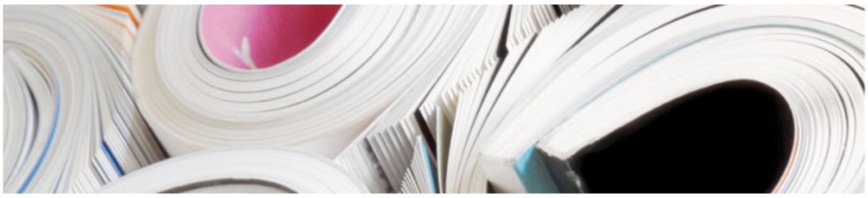
| | | | | | |
|---|---|---|---|---|---|
| Inapa Angola – Distribuição de Papel, SA | Rua Amílcar Cabral nº 211<br>Edifício Amílcar Cabral nº 8º<br>Luanda - Angola | 100.00 | Paper Merchanting | Inapa Portugal, SA | December 2009 |
| Semaq Emballages, SA | Rue de Strasbourg<br>– ZI de Bordeaux<br>Fret<br>França | 100.00 | Packaging | Logistipack – Carton Services,SA | February 2012 |
| Sociedade de Comercialização e Distribuição de Embalagens, Lda. | Rua das Cerejeiras, nº 5, Vale Flores<br>São Pedro de Penaferrim<br>2710 Sintra | 100.00 | Packaging | Inapa Portugal, SA | March 2012 |

In the six months ended June 30, 2012, there were the following amendments in respect of the consolidated companies: (i) acquisition of subsidiary Semaq Emballages SA; (ii) establishment of a new company based in Portugal, Sociedade de Comercialização e Distribuição de Embalagens, Lda.

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

The following companies were consolidated per the equity method in the consolidated financial statements and are reported under Holdings in associated companies:

| Associate company name | Shareholding company | % Holding |
|---|---|---|
| Surpapel, SL | Inapa España Distribuicíon Ibérica, SA | 25,00 |
| Inapa Logistics | Warburgstrasse,28<br>20354 Hamburg<br>Alemanha | 100,00 |
| Inapa Vertriebsgesellschaft GmbH | Warburgstrasse,28<br>20354 Hamburg<br>Alemanha | 100,00 |





## 9. 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.

| Company name | Head Office | Direct Shareholder | % holdings |
|---|---|---|---|
| Megapapier - Mafipa Netherland BV | PO Box 1097<br>3430 BB Nieuwegein<br>Holand | Inapa France, SA | 100% |
| Inapa Logistics | Warburgstrasse,28<br>20354 Hamburg<br>Germany | Papier Union, GmbH | 100% |
| Inapa Vertriebsgesellschaft GmbH | Warburgstrasse,28<br>20354 Hamburg<br>Germany | Papier Union, GmbH | 100% |

## 10. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 June 2012 and 31 December 2011, Trade receivable was broken down as follows:

| | 30 June 2012 | 31 December 2011 |
|---|---|---|
| **Trade receivables** | | |
| Trade receivables -Current account | 158.088 | 150.188 |
| Trade receivables -Bills receivable | 11.846 | 13.781 |
| Doubtful debt | 14.688 | 13.909 |
| | 184.622 | 177.878 |
| Cumulative impairment losses | -12.238 | -11.259 |
| **Trade receivebles - net balance** | **172.384** | **166.619** |

As at 30 June 2012 and 31 December 2011, the balance of Other assets was broken down as follows:

| | 30 June 2012 | 31 December 2011 |
|---|---|---|
| **Other non current assets** | | |
| Other debtors | 23.096 | 23.056 |
| Accumulated impaiment losses | -1.223 | -1.221 |
| | **21.873** | **21.835** |
| **Other current assets** | | |
| Stockholdings and stockholders | - | 1 |
| Advances to suppliers | 357 | 562 |
| Other debtors | 18.848 | 15.959 |
| Accumulated impaiment losses | -3.019 | -3.019 |
| | 15.829 | 12.940 |
| Accrued income | 18.179 | 23.147 |
| Deferred costs | 3.676 | 1.742 |
| | **38.041** | **38.392** |

## 11. CASH AND CASH-EQUIVALENT

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

| | 30 June 2012 | 31 December 2011 | 30 June 2011 |
|---|---|---|---|
| **Cash and cash-equivalent** | | | |
| Banks | 9.906 | 14.865 | 12.709 |
| Cash | 490 | 182 | 114 |
| | **10.396** | **15.047** | **12.823** |

**Cash-flow Statement**

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

| | 30 June 2012 | 31 December 2011 | 30 June 2011 |
|---|---|---|---|
| **Cash and cash-equivalent** | | | |
| Banks | 9.906 | 14.865 | 12.709 |
| Cash | 490 | 182 | 114 |
| **Cash and cash-equivalent per balance sheet** | **10.396** | **15.047** | **12.823** |
| Bank overdrafts | -113.903 | -85.873 | -118.640 |
| **Cash and Cash-equivalent per Cash-Flow statement** | **-103.507** | **-70.826** | **-105.817** |

The balance of Bank overdrafts includes creditor balances held on current accounts with financial institutions included in the balance of Loans (Note 14).

## 12. Impairment

During the six months ended in 30 June 2012 the recognised asset impairments were as follows:

| | Goodwill | Other intangible assets | Inventories | Trade receivables | Other current assets | Total |
|---|---|---|---|---|---|---|
| **Balance as at January 1, 2011** | 11.766 | 27.464 | 1.114 | 10.766 | 11.476 | 62.586 |
| Increases | - | - | 110 | 2.854 | - | 2.964 |
| Utilisation | - | - | - | -592 | -7.236 | -7.828 |
| Reverseals | - | - | -169 | -1.741 | - | -1.910 |
| Changes in the consolidation perimeter | - | - | - | -84 | - | -84 |
| Exchange rate differences | - | - | 4 | 56 | - | 60 |
| **Balance as at December 31, 2011** | 11.766 | 27.464 | 1.059 | 11.259 | 4.240 | 55.788 |
| Increases | - | - | 76 | 1.762 | 2 | 1.840 |
| Utilisation | - | - | - | -244 | - | -244 |
| Reverseals | - | - | -61 | -544 | - | -605 |
| Changes in the consolidation perimeter | - | - | 29 | - | - | 29 |
| Exchange rate differences | - | - | 3 | 5 | - | 8 |
| **Balance as at June 30, 2012** | **11.766** | **27.464** | **1.106** | **12.238** | **4.242** | **56.816** |

**13. SHARE CAPITAL**

At june 30,2012 and December 31, 2011 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:

- Parpública – Participações Públicas, SGPS, SA, which held 49,084,738 shares corresponding 32.72% of voting rights;
- Banco Comercial Português, SA, which held 27,361,310 shares corresponding 18.24% of voting rights (*);
- Nova Expressão SGPS, SA, which held 7.500.000 shares corresponding to 5.00% of voting rights, and;
- Tiago Moreira Salgado, which held 3.150.000 shares corresponding to 2.10% of voting rights.

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.

Notes:

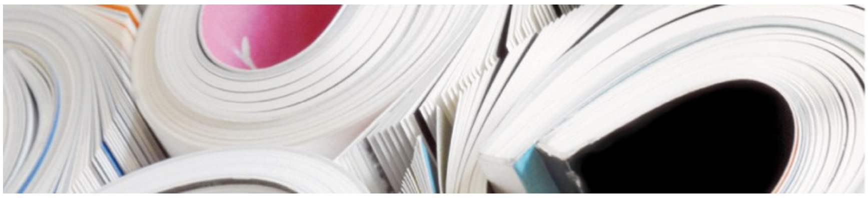
(*) The holdings of Banco Comercial Português, SA, are broken down as follows:

- Fundo de Pensões do Grupo BCP …… 16,491,898 shares corresponding to 10.99% of voting rights;
- Banco Comercial Português, SA ……… 10,869,412 shares corresponding to 7.25% of voting rights;

As at 30 June 2012, the Group did not hold own shares and no transactions involving own shares were recorded during the six-month period under analysis.

## 14. LOANS

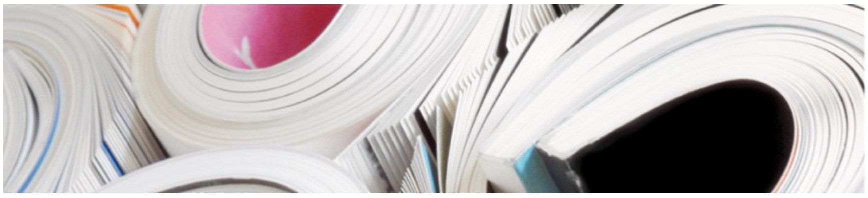
As at 30 June 2012 and 31 December 2011, Loans balance were broken as follows:



| | 30 June 2012 | 31 December 2011 |
|---|---|---|
| **Current debt** | | |
| **° Bank loans** | | |
| ° Bank loans and other current financial instruments | 113.903 | 85.873 |
| ° Commercial paper, redeemable at its nominal value, renewable, with maturity within one year | 45.919 | 68.310 |
| ° Medium and long-term financial instruments (portion maturity within 1 year ) | 12.139 | 12.546 |
| ° Other current financial loans | 9.098 | 9.530 |
| **Total current debt** | 181.059 | 176.259 |
| **Non- current debt** | | |
| **° Bank loans** | | |
| ° Medium and long-term financial instruments | 94.943 | 102.572 |
| ° Other loans | 43.031 | 45.897 |
| | 137.974 | 148.469 |
| **° Financing associated to finantial assets - securitisation (Note 37)** | 37.112 | 38.061 |
| **Total non-current debt** | 175.086 | 186.530 |
| **Total debt** | **356.145** | **362.789** |

As at 30 June 2012 the bank loans conditions are similar to the ones of 31 December 2011.

As at 30 June 2012 and 31 December 2011, the net balance of consolidated financial debt is broken down as follows:



| | 30 June 2012 | 31 December 2011 |
|---|---|---|
| Loans | | |
| Current | 181.059 | 176.259 |
| Non-current | 137.974 | 148.469 |
| | 319.033 | 324.728 |
| Loans associated to financial assets - securitization | 37.112 | 38.061 |
| Financial leases debt | 9.350 | 10.006 |
| | **365.495** | **372.795** |
| Cash and cash-equivalents | 10.396 | 15.047 |
| Negotiatable financial assets (listed securities) | - | - |
| Available-for-sale financial assets (listed securities) | - | - |
| | **10.396** | **15.047** |
| | **355.099** | **357.748** |

## 15. SUPPLIERS AND OTHER CURRENT LIABILITIES

As at 30 June 2012 and 31 December 2011, the balances of Suppliers and of Other current liabilities were broken down as follows:

| | 30 June 2012 | 31 December 2011 |
|---|---|---|
| **Suppliers** | | |
| Suppliers on current account | 55.655 | 42.722 |
| Trade bills account | - | - |
| Invoices pending reconciliation | 4.190 | 4.680 |
| | 59.845 | 47.402 |
| **Other current liabilities** | | |
| Advances from clients | 1.084 | 1.601 |
| Fixed assets suppliers | 1.187 | 1.295 |
| Other creditors | 9.944 | 10.724 |
| Accruals and deferred items | 9.072 | 10.041 |
| | 21.287 | 23.661 |

## 16. INCOME TAX

The amount of taxes in the Interim Consolidated Income Statement for the six months to 30 June 2012, amounting to a total of 738 thousand Euros, equates to the liability for current income tax for the half-year period in the amount of 554 thousand Euros plus the balance of changes in deferred tax, amounting to 184 thousand Euros.

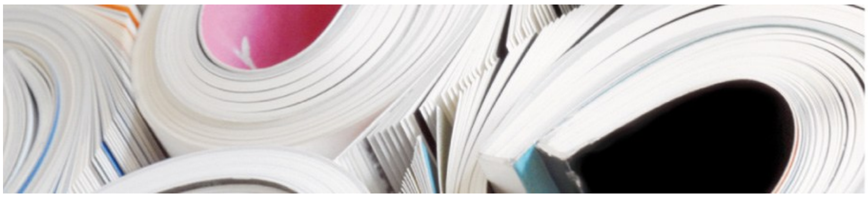
The differential between the nominal tax rate (average rate of 30%) and the effective company income tax rate (IRC company tax) for the Group, as at 30 June 2012, is detailed in the following table:

| | 30 June 2012 |
|---|---|
| Net income before tax | 1.134 |
| Nominal company tax rate | 30% |
| | -340 |
| Income tax | -738 |
| | 398 |
| | |
| Permanent differences - France | 74 |
| Permanent differences - Portugal | 202 |
| UK capital gain | 3 |
| FX differences | 150 |
| Other | -31 |
| | 398 |

**Deferred tax**

All instances where future taxation due may come to be significantly impacted are reported in the financial statements as at 30 June 2012 and 31 December 2011.

The following table reports changes in deferred tax assets and liabilities during the six months to 30 June 2012 and the financial year ended 31 December 2011:



| | 01-01-2012 | Changes in consolidation perimeter | Fair value reserves and other reserves | Net profit for the period | 30-06-2012 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Taxable provisions | 53 | - | - | - | 53 |
| Reportable tax losses | 16.425 | - | - | 457 | 16.882 |
| Others | 3.048 | - | - | -83 | 2.965 |
| | 19.526 | - | - | 374 | 19.900 |
| **Deferred tax liabilities** | | | | | |
| Fixed assets revaluation | -8.152 | - | - | -44 | -8.196 |
| Depreciation | -12.461 | - | - | -538 | -12.999 |
| Others | -514 | - | - | 22 | -492 |
| | -21.127 | - | - | -560 | -21.687 |
| **Net deferred tax** | **-1.601** | **-** | **-** | **-186** | **-1.787** |

| | 01-01-2011 | Changes in consolidation perimeter | Fair value reserves and other | Net profit for the period | 31-12-2011 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Taxable provisions | 53 | - | - | - | 53 |
| Reportable tax losses | 17.848 | - | - | -1.423 | 16.425 |
| Others | 3.093 | - | - | -45 | 3.048 |
| | 20.994 | - | - | -1.468 | 19.526 |
| **Deferred tax liabilities** | | | | | |
| Fixed assets revaluation | -8.142 | - | - | -10 | -8.152 |
| Depreciation | -11.363 | - | - | -1.098 | -12.461 |
| Others | -759 | - | - | 244 | -515 |
| | -20.264 | - | - | -864 | -21.128 |
| **Net deferred tax** | **730** | **-** | **-** | **-2.331** | **-1.601** |

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 16,882 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:

| Company name | Deferred tax balance | Due date |
|---|---|---|
| Inapa France | 8.326 | ilimitado |
| Inapa Distribuición Ibérica | 6.079 | 2021-2027 |
| Portuguese group companies | 323 | 2013-2016 |
| Inapa Suisse | 220 | 2018 |
| Inapa Bélgique | 1.822 | ilimitado |
| Outros | 48 | |
| | **16.818** | |

## 17. CONTINGENT LIABILITIES

On 1 August 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.

Since then, Papelaria Fernandes – Industria e Comércio, SA, has fully repaid the credit facilities obtained from Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo, on account of which:

- The letters of comfort issued by Inapa - IPG have ceased to serve their original purpose and have since been released by their respective beneficiaries;

- The Company has consequently notified Papelaria Fernandes – Indústria e Comércio, SA that the terms and conditions of the mercantile notarial bond it had issued in its favour no longer applied, constituting due cause for cancellation thereof.

The legal suit, which has been valued at 24,460 thousand Euros, was contested by Inapa - IPG and by its subsidiary Inapa Portugal – Distribuição de Papel, SA, and is pending decision by the Court on the effects of the dissolution / liquidation of Inaprest – Prestação de Serviços, Participações e Gestão, SA. The Group believes that no financial impact will arise from such decision and, therefore, has not raised provisions on that account.

## 18. SUBSEQUENT EVENTS

After 30 June 2012 and to the publication date Inapa Group has not verified any subsequent relevant events.

-:-:-:-:-:-:-

## 19.Mandatory information

### a. 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

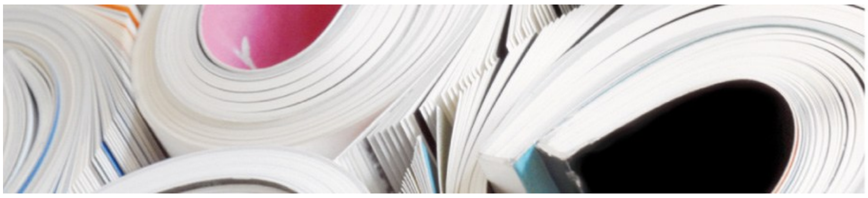
| Name | Number of shares | Voting rights |
|---|---|---|
| Álvaro João Pinto Correia | 0 | 0% |
| José Manuel Félix Morgado | 563 631 | 0,38% |
| António José Gomes da Silva Albuquerque | 0 | 0% |
| Jorge Manuel Viana de Azevedo Pinto Bravo | 0 | 0% |
| Arndt Klippgen | 0 | 0% |
| Emídio de Jesus Maria | 0 | 0% |
| Acácio Jaime Liberado Mota Piloto | 0 | 0% |
| Eduardo Fernández-Espinar | 200 000 | 0,13% |
| Detidas por pessoas ou entidades contempladas no n.º 2 do art.º 447º do Código das Sociedades Comerciais | 100 000 | 0,07% |

Chartered Accountant

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

### b. 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 2011 there were no transactions registered by any of its Governing Bodies members.



## c. 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 June 2012 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, 24 August 2012

**Álvaro João Pinto Correia**
Chairman of the Board of Directors

**José Manuel Félix Morgado**
Vice-Chairman and President of the Executive Committee of the Board of Directors

**Arndt Klippgen**
Director and member of the Executive Committee 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

**Acácio Jaime Liberado Mota Piloto**
Director and member of the Audit Committee

**Eduardo Fernández-Espinar**
Director and member of the Audit Committee

## d. Auditor report

***Limited Review Report Prepared by Auditor Registered with the Securities Market Commission (CMVM) on the Consolidated Half Year Information***

*(Free translation from the original in Portuguese)*

***Introduction***

1 In accordance with the Portuguese Securities Market Code (CVM), we present our limited review report on the consolidated financial information for the six-month period ended June 30, 2012 of Inapa – Investimentos, Participações e Gestão, SA included in the consolidated Directors' Report, consolidated balance sheet (which shows total assets of Euro 689,840 thousand and total shareholders' equity of Euro 203,439 thousand, including non-controlling interests of Euro 4,007 thousand and a net profit of Euro 277 thousand), consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows statement for the period then ended and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

***Responsibilities***

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present fairly, in all material respects, the financial position of the companies included in the consolidation, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (b) to prepare historical financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and which is complete, true, up to date, clear, objective and lawful as required by the CVM; (c) to adopt appropriate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant matters which have influenced the activity, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely as to whether it is complete, true, up to date, clear, objective and lawful as required by the CVM, for the purpose of issuing an independent and professional report based on our work.

***Scope***

5 Our work was performed with the objective of obtaining moderate assurance about whether the financial information referred to above is free from material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Portuguese Institute of Statutory Auditors, planned according to that objective, and consisted primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the appropriateness and consistency of the accounting principles used, as applicable; (iii) the applicability, or not, of the going concern basis of accounting; (iv) the

presentation of the financial information; and (v) as to whether the consolidated financial information is complete, true, up to date, clear, objective and lawful.

6 Our work also covered the verification that the consolidated financial information included in the Directors' Report is consistent with the remaining documents referred to above.

7 We believe that the work performed provides a reasonable basis for the issue of this limited review report on the half year information.

***Conclusion***

8 Based on the work, which was performed with the objective of obtaining a moderate assurance, nothing has come to our attention that leads us to conclude that the consolidated financial information for the six-month period ended June 30, 2012 contain material misstatements that affect its conformity with International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union and that it is not complete, true, up to date, clear, objective and lawful.

***Report on other requirements***

9 Based on the work, nothing has come to our attention that leads us to believe that the consolidated financial information included in the Directors' Report is not consistent with the consolidated financial information for the period.

***Emphasis***

10 Without qualifying our conclusion in paragraph 8 above, we draw attention that, as mentioned in Note 17 of the notes to the accounts, Papelaria Fernandes – Indústria e Comércio, SA (Papelaria Fernandes) has raised in 2007 against Inapa – Investimentos, Participações e Gestão, SA (Inapa) a legal proceedings, related to events occurred in previous years. Inapa considered that they do not have any relevant liability with Papelaria Fernandes as a result of the transactions mentioned in the legal proceedings raised by this company, therefore, no provision had been created in the consolidated financial information.

August 24, 2012

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Portuguese Securities Markets Commission with no. 9077
represented by:

José Pereira Alves, R.O.C.

## 20.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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