



Consolidated Results

30 June 2013

inapa



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1. Highlights

Net income increased 87%

Reduction of operational costs reduced the sales decrease effect

Reinforcement of the financial equilibrium through a €14.2 million debt decrease

Generation of results

- Sales decrease 6.3% relatively to 2012
- Gross margin maintenance at 18,5%
- Operational costs before provisions reduced €3.3 M (4.6%)
- Recurrent EBITDA was 11.7 million Euros
- Operational results were 8.5 million Euros
- Financial costs decreased 21% (€1.9 M)
- Earnings before taxes were 0.8 million Euros
- Net income increased 87% to 0.52 million Euros

Financial strength

- Working capital has decreased 31.0 million euros relatively to 1st half 2012 and 10.4 million euros relatively to December 2012
- Net debt decreased 23.2 million Euros comparing with the 1st half 2012 and 14.2 million Euros relatively to year end

Chart 1 _Main Consolidated Indicators						
Million euros	1H13	1H12	Δ 13/12	2Q13	2Q12	Δ 13/12
Tons ('000)	395	424	-6,7%	188	205	-8,2%
Sales	442,8	472,9	-6,3%	214,5	230,0	-6,7%
Gross margin	82,1	87,0	-5,6%	39,8	41,7	-4,6%
Gross margin (%)	18,5%	18,4%	0,1 pp	18,5%	18,1%	0,4 pp
Operating costs ¹	68,5	71,8	-4,6%	34,1	35,2	-3,2%
Provisions	1,96	1,76	11,3%	0,7	0,9	-26,9%
Re-EBITDA	11,7	13,4	-13,0%	5,0	5,6	-9,9%
Re-EBITDA margin (%)	2,6%	2,8%	-0,2 pp	2,3%	2,4%	-0,1 pp
EBIT	8,5	10,3	-17,9%	3,3	4,1	-18,5%
Net financial costs	7,3	9,2	-20,8%	3,8	4,6	-15,9%
EBT	0,8	1,1	-26%	-0,9	-0,5	-84%
Net income	0,52	0,28	-75,0%	-0,7	-0,4	62,3%
	30/6/13	30/6/12	Δ 13/12	31/12/12	Δ 6 months	
Net Debt ²	331,9	355,1	-6,5%	346,1	-4,1%	
Working capital	152,5	183,5	-16,9%	162,9	-6,4%	

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



2. Relevant facts

During the first half of 2013, the relevant facts to the business were:

- 1/4/2013 Divest of 60% on German factoring operation (Print Media Factoring)
- 3/7/2013 Acquisition of Portuguese Viscom company Crediforma
- 3/12/2013 Attribution for the third consecutive year of the award of Best Corporate Governance in Portugal by World Finance
- 4/20/2013 2012 results announcement, annual report disclosure and notice of the General Meeting
- 4/10/2013 Ordinary General Meeting
- 4/15/2013 Notice for Extraordinary General Meeting
- 4/24/2013 Request present 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

Until the date of the announcement of the report the following relevant facts have occurred:

- 8/12/2013 Notice of the agreement to acquire 100% of the share capital of the Turkish paper merchant Korda



3. Management report

3.1. Market analysis

The first half of 2013 was marked by the economic slowdown that 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.

As a result of the difficult economic context, 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 growth maintenance on the packaging and visual communication business.

3.2. Consolidated performance

Consolidated sales until June 2013 decreased 6.3% over the same period in 2012, reaching 442.8 million euros. The decrease is due to the sharp reduction in paper demand of 7.9% 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 5.9% in packaging and 5.0% in viscom, compensating partially the decrease in paper business.

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

Million euros	1H13			1H12	
	Sales	Weight	Δ 12/11	Sales	Weight
Paper	387,6	87,5%	-7,9%	420,7	89,0%
Complementary business	55,2	12,5%	5,9%	52,2	11,0%
Packaging	25,6	5,8%	5,9%	24,1	5,1%
Visual communication	14,6	3,3%	5,0%	13,9	2,9%
Others ¹	15,1	3,4%	6,7%	14,1	3,0%
Total	442,8	100%	-6,3%	472,9	100%

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



The above mentioned effort to recover commercial margin translated into a gross margin slight increase of 0.1 percentage points over 2011 to 18.5% relatively to the first half of 2012.

In the first six months, operational costs, due to the rigor on cost management, decreased 3.3 million euros (minus 4.6%), as a result of lower distribution costs, personnel costs and administrative costs.

Despite the difficult economic context and rigorous provision policy, client provisions increased 0.2 million euros (+11.3%) relatively to previous year, still at low levels, representing only 0.4% of sales. The reinforcement reflects the protection of the credit insurance policy and a prudent view of the sales collection risk.

Until June, the re-EBITDA was 11.7 million euros, representing 2.6% 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 20% of re-Consolidated EBITDA.

Operational results (EBIT) were 8.5 million euros, representing 1.9% 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 2012, declined 21% to 7.3 million, a decrease of 1.9 million euros. Despite the increase registered in credit conditions, the reduction of the gross debt led to a lower level of financial charges. The working capital reduction of 31.0 million euros, described below, was the main contributor for the debt reduction.

Earnings before tax were 0.8 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 0.2 million euros.

Until June, the consolidated net income stood at 0.52 million euros, a 87% increase, which compares with 0.28 million euros in 2012.

Working capital registered an improvement of 16.9% over June 2011, ie a reduction of 31.0 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, net debt Inapa at June 2013 was 331.9 million euros, a decrease of 23.2 million compared to June 2012 or 14.2 million euros compared with December 2012.



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 15.3% and 12.4% respectively, while paper reduced its weight from 78.6% to 72.3%.

PAPER

In volume, sales in 1H13 decreased 7% comparing with 2012, from 424 thousand to 395 thousand tons. In value, paper business sales add to 402.6 million Euros, a 7% drop. The decrease on the average price relatively to the same period of 2012, 11 euros per ton, and the Group strict credit risk policy explained volume decrease.

Cross-selling in the paper business (namely the sale of graphic and office supplies) maintained the trend it has been registering, increasing 6.7%.

The strong effort to recover gross margin and improve the quality of the business, has allowed a gross margin improvement of 0.1 percentage points to 17.3%.

Operational results (EBIT) in the paper business were 7.4 million Euros, representing 1.8% of sales, a 24% decrease compared with previous year. This evolution is explained by the steep volume drop in the markets, namely in Spain, conjugated with the lack of flexibility of some fixed costs like storage related.

PACKAGING

Packaging business had an increase of 5.9% relatively to 2012, with sales of 25.6 million Euros. Commercial margin increased in the second quarter, allowing to compensate a slower level of industrial activity in the first quarter, which allowed to maintain the margin comparing with the previous year.

Operational results (EBIT), as a consequence of the highest competitive pressure of first quarter, decreased 6.8% to 1.2 million Euros (in the first quarter there was a drop of 24%), representing 4.6% of sales.



VISUAL COMMUNICATION

Visual communication continued its growth trend, having its sales increased 5.0% when compared with 2012, with 14.6 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. Nevertheless it should be highlighted that equipment sales have decreased as a consequence of lower investments in the Eurozone.

Operational results (EBIT) grew 15%, to 1.0 million Euros, representing 6.2% of sales.

3.4.Future prospects

For the next quarter of 2013 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 (86% of consolidated sales) it is foreseen a better performance in volumes compared to the Iberian market (12% of Group sales) due to different economic environments and rhythms of the respective economies.

It is expected a decrease in operational costs, given the structural changes and adjustment initiatives that have been already implemented, namely in sales, logistics and administrative areas, to adequate the structure to current and expected market evolution.

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.

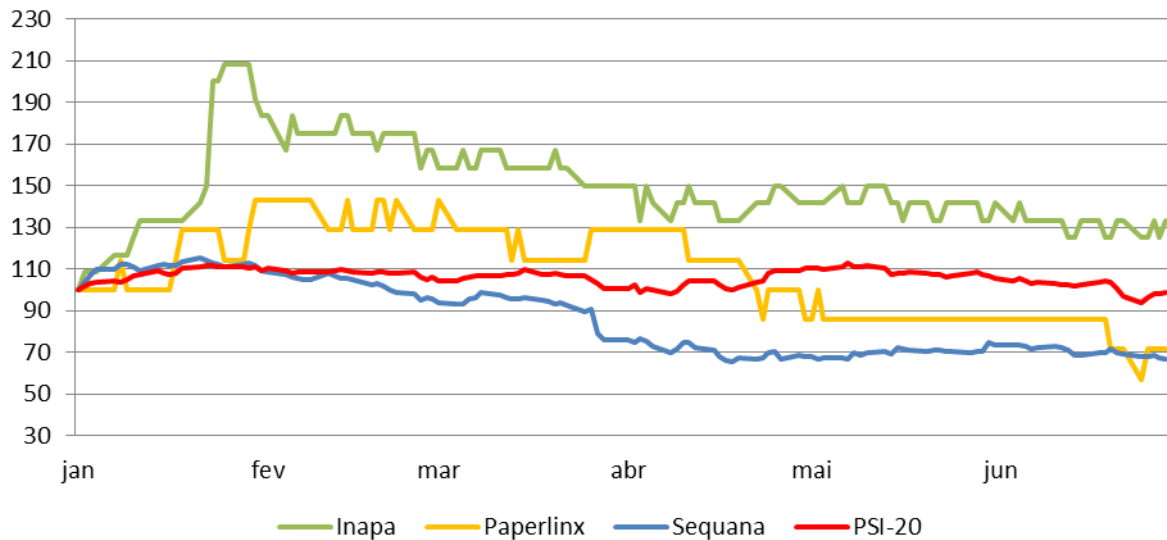
Complementary businesses should maintain the trend of growth and profitability that has been recorded, with a consequent increase in its weight in revenues and operating results of the Group. The packaging business will continue to absorb a significant portion of the Group's investment.



3.5. Stock market

Inapa stock price vs. PSI20 vs. comparables

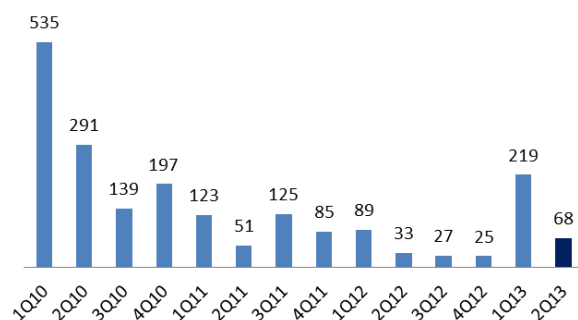
June 2013



At the end of the first half of 2013 ordinary shares quote had an increase of 33% relatively to 2012 year end. The stock price closed at 0.16€, which compares with a 1.4% 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 2013.

Inapa trading volumes during the first three months were higher than in the last quarters, with four times more transaction than in 2012 average.

Average trading volumes
Thousands of shares



Preferred share's price at 30 June 2013 was 0.20€, two cents above its emission price (done in October 2011) and its 2012 year end quote. The liquidity of these titles is low, being traded 160 thousand shares on the first six months.



4. Interim Consolidated Accounts

INAPA - Investimentos, Participações e Gestão, SA

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

	Notas	JUNE 30, 2013	2nd QUARTER 2013 *	JUNE 30, 2012	2nd QUARTER 2012 *
Tonnes *		395.494	188.409	423.909	205.245
Sales and service rendered	4	447.738	216.984	478.761	233.071
Other Income	4	11.786	5.344	12.526	6.353
Total Income		459.524	222.328	491.287	239.424
Cost of sales		-365.256	-176.829	-391.128	-190.831
Personal costs		-37.583	-18.682	-39.238	-19.469
Other costs	6	-45.887	-22.501	-47.814	-23.627
		10.798	4.316	13.106	5.496
Depreciations and amortizations		-2.669	-1.328	-2.769	-1.388
Gains / (losses) in associates		1	-1	-1	0
Net financial function	7	-7.293	-3.848	-9.203	-4.576
Net profit before Income tax		836	-861	1.134	-468
Income tax	18	-243	308	-738	-161
Net profit / (loss) for the period		594	-553	396	-629
Attributable to :					
Shareholders of the company		520	-656	277	-699
Non controlling interests		74	37	119	71
Earnings per share of continued operations - €					
Basic		0,003	-0,004	0,002	-0,004
Diluted		0,003	-0,004	0,002	-0,004

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 JUNE 30, 2013
(Amounts expressed in thousand of Euros)

	<u>JUNE 30, 2013</u>	<u>2nd QUARTER 2013 *</u>	<u>JUNE 30, 2012</u>	<u>2nd QUARTER 2012 *</u>
Net profit for the period before minority interest	594	-553	396	-629
Items that will not be reclassified to profit or loss				
Acturial gains / losses	-	-	-	-
Items that may be reclassified subsequently to profit or loss				
Change in value of available-for-sale financial assets	-	-	-	-
Currency translation differences	-4	-94	-108	153
	<u>-4</u>	<u>-94</u>	<u>-108</u>	<u>153</u>
Total comprehensive income for the period	590	-646	289	-476
Attributable to :				
Shareholders of the company	516	-683	170	-547
Non controlling interests	74	37	119	71
	<u>590</u>	<u>-646</u>	<u>289</u>	<u>-476</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 JUNE 30, 2013

(Amounts expressed in thousand euros)

	Notes	JUNE 30, 2013	DECEMBER 31, 2012	JANUARY 1, 2012
			Restated	Restated
ASSETS				
Non-current assets				
Tangible fixed assets		89.007	92.088	95.884
Goodwill	8	145.956	144.170	140.338
Other intangible assets		112.387	111.552	111.227
Investment in associate companies		1.076	1.075	1.071
Available-for-sale financial assets	9	38	62	47
Other non-current assets	12	28.719	27.900	21.835
Deferred tax assets	18	20.961	20.784	19.526
Total non-current assets		398.143	397.631	389.928
CURRENT ASSETS				
Inventories		65.422	65.850	71.029
Trade receivables	12	146.216	146.328	166.619
Tax to be recovered		9.589	9.959	7.286
Available-for-sale financial assets	9	-	-	628
Other current assets	12	31.577	36.864	38.392
Cash and cash-equivalents	13	11.573	20.608	15.047
Total current assets		264.377	279.609	299.000
Total assets		662.520	677.239	688.928
SHAREHOLDERS EQUITY				
Share capital	15	204.176	204.176	204.176
Share issue premium		450	450	450
Reserves		44.338	44.342	44.465
Retained earnings		-56.668	-50.719	-44.452
Net profit for the period		520	-5.949	-6.031
		192.816	192.300	198.608
Non controlled interests		4.040	4.068	3.991
Total shareholders equity		196.856	196.368	202.599
LIABILITIES				
Non-current liabilities				
Loans	16	114.744	84.115	148.469
Financing associated to financial assets	16	33.992	52.872	38.061
Deferred tax liabilities	18	23.091	22.945	21.128
Provisions		165	286	391
Liabilities for employee benefits		4.659	4.807	4.173
Other non-current liabilities	17	7.557	7.582	8.711
Total non-current liabilities		184.208	172.607	220.933
Current liabilities				
Loans	16	186.560	221.058	176.259
Suppliers	17	59.100	49.259	47.402
Tax liabilities		186.560	186.560	186.560
Other current liabilities	17	22.843	20.722	23.661
Total current liabilities		281.456	308.265	265.395
Total shareholders equity and liabilities		662.520	677.239	688.928

To be read in conjunction 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, 2013 AND JUNE 30, 2012

(Amounts expressed in thousand of Euros)

	ATTRIBUTABLE TO SHAREHOLDERS						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	Total		
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	-	-	-108	-	277	169	119	288
Previous year net profit and loss result	-	-	-	-6.031	6.031	-	-	-
Dividends	-	-	-	-	-	-	-103	-103
Other changes	-	-	-	-	-	-	-	-
Total of gains and losses of the period	-	-	-108	-6.031	6.308	169	17	185
BALANCE AS AT JUNE 30, 2012 RESTATED	204.176	450	5.137	-11.264	277	198.777	4.007	202.784
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	-	-	-4	-	520	516	74	590
Previous year net profit and loss result	-	-	-	-5.949	5.949	-	-	-
Dividends	-	-	-	-	-	-	-102	-102
Other changes	-	-	-	-	-	-	-	-
Total of gains and losses of the period	-	-	-4	-5.949	6.469	516	-28	488
BALANCE AS AT JUNE 30, 2013	204.176	450	5.118	-17.449	520	192.816	4.040	196.856

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 JUNE 30, 2013

(Amounts expressed in thousand Euros) - direct method

	Notes	JUNE 30, 2013	2nd QUARTER 2013 *	JUNE 30, 2012	2nd QUARTER 2012 *
Cash flow generated from operating activities					
Cash receipts from customers		464.995	224.583	489.453	244.550
Payments to suppliers		-364.729	-186.847	-391.086	-205.112
Payments to personnel		-37.444	-18.372	-38.444	-18.666
Net cash from operational activities		62.821	19.363	59.923	20.773
Income taxes paid		-3.698	-3.325	-1.297	-191
Income taxes received		318	41	95	-
Other proceeds relating to operating activity		20.200	3.374	16.705	2.660
Other payments relating to operating activity		-58.936	-14.480	-60.305	-23.017
Net cash generated from operating activities	[1]	20.706	4.974	15.121	225
Cash flow from investing activities					
Proceeds from:					
Financial investments		24	-	799	634
Tangible fixed assets		924	923	-	-
Intangible assets		-	-	-	-
Interest and similar income		322	211	28	17
Dividends		21	21	-	-
		1.291	1.155	827	651
Payments in respect of:					
Financial investments		-1.251	850	-3.627	-745
Tangible fixed assets		-667	-353	-577	-480
Intangible assets		-545	-375	-201	-66
Advances from third-party expenses		-	-	-	-
Loans granted		-	-	-	-
		-2.462	123	-4.405	-1.292
Net cash used in investing activities	[2]	-1.172	1.278	-3.578	-641
Cash flow from financing activities					
Proceeds from:					
Loans obtained		24.399	4.313	44.626	12.919
Capital increases, repayments and share premiums		-	-	-	-
Treasury placements		-	-	-	-
Changes in ownership interests		-	-	-	-
		24.399	4.313	44.626	12.919
Payments in respect of:					
Loans obtained		-67.794	-18.099	-81.392	-39.639
Amortization of financial leases		-490	-182	-776	-392
Interest and similar expenses		-6.369	-3.533	-6.732	-3.815
Dividends		-	-	-	-
		-74.653	-21.814	-88.900	-43.845
Net cash used in financing activities	[3]	-50.255	-17.502	-44.274	-30.926
Increase / (decrease) in cash and cash-equivalent	[4] = [1] + [2] + [3]	-30.721	-11.251	-32.731	-31.342
Effect of exchange differences		-38	-12	50	-44
		-30.759	-11.263	-32.681	-31.386
Cash and cash-equivalents at the beginning of period		-62.045	-	-70.826	-
Cash and cash-equivalents at the end of period	13	-92.804	-11.263	-103.507	-31.386
		-30.759	-11.263	-32.681	-31.386

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 SIX MONTHS ENDED 30 JUNE 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 21 August 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 six months ending 30 June 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 June 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 half of 2013.

Estimates made in preparing the financial statements for the six months ended June 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 half 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:

Consolidated Balance Sheet	December31, 2012	Restatement	December31, 2012
	Published	effect	Restated
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	4.068	-	4.068
Total shareholders equity	<u>197.073</u>	<u>-805</u>	<u>196.368</u>
Liabilities			
Liabilities for employee benefits	4.002	805	4.807
Balanço Consolidado	December31, 2011	Restatement	December31, 2011
	Published	effect	Restated
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	3.991	-	3.991
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 six months to 30 June 2013 and 30 June 2012 brake down as follows:



	<u>30 June 2013</u>	<u>30 June 2012</u>
Domestic market		
Goods sold	23.478	21.261
Service rendered	<u>159</u>	<u>40</u>
	23.637	21.301
Exports		
Goods sold	419.360	451.597
Service rendered	<u>4.741</u>	<u>5.863</u>
	<u>424.101</u>	<u>457.460</u>
Total	<u>447.738</u>	<u>478.761</u>

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

	<u>30 June 2013</u>	<u>30 June 2012</u>
Supplementary income	400	363
Net cash discounts	4.539	5.270
Other income	6.847	6.893
	<u>11.786</u>	<u>12.526</u>

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 June 30, 2013 and 2012 for operating segments is as follows:



	30 June 2013					30 June 2012						
	Paper	Packaging	Visual Communication	Other operations	Eliminations on consolidations	Consolidated	Paper	Packaging	Visual Communication	Other operations	Eliminations on consolidations	Consolidated
REVENUES												
External sales	402 649	25 561	14 622	6		442 838	434 773	24 139	13 932	14	-	472 858
Inter-segment sales	378	1 213	1 353		-2 943	-	253	1 052	1 300	-	-2 605	-
Other revenues	16 100	234	231	120		16 685	17 599	293	270	267	-	18 429
Total Revenues	419 127	27 008	16 206	126	-2 943	459 524	452 625	25 483	15 502	281	-2 605	491 287
RESULTS												
Segment results	7 390	1 243	1 008	-1 896	383	8 129	9 745	1 334	880	-1 661	40	10 338
Operacional results						8 129						10 338
Interest expenses	-3 531	-240	-111	-5 138	1 492	-7 528	-4 374	-203	-121	-6 449	1 794	-9 353
Interest income	1 379	4	15	495	-1 658	235	1 590	4	7	496	-1 947	150
Tax on profits	-	-	-	-	-	-243	-	-	-	-	-	-738
Income from ordinary activities						593						397
Gains/ (losses) in associated companies						1						-1
Net profit/(loss) for the year						594						396
Attributable:												
Equity shareholders						520						277
Non controlling interests						74						119

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

	Sales	
	30 June 2013	30 June 2012
Germany	212.122	220.973
France	102.523	116.677
Portugal	20.732	21.404
Others	67.272	75.719
	402.649	434.773

6. OTHER COSTS

As at the end of the six month period to 30 June 2013 and 30 June 2012, the Other costs brake down as follows:

	30 June 2013	30 June 2012
General and Administrative expenses	-40.438	-43.706
Indirect taxes	-1.982	-2.023
Other costs	-1.505	-323
Impairment to current assets	-1.962	-1.762
	-45.887	-47.815



7. FINANCIAL FUNCTION

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

	<u>30 June 2013</u>	<u>30 June 2012</u>
Financial income		
Interest received	-	-
Gains on investments	21	-
Favourable FX differences	66	36
Other financial income and profits	148	114
	<u>235</u>	<u>150</u>
Financial costs		
Interest paid	-5.551	-7.188
Unfavourable FX differences	-17	-71
Other financial losses and costs	-1.960	-2.093
	<u>-7.528</u>	<u>-9.352</u>
Net financial results	<u>-7.293</u>	<u>-9.203</u>

8. Goodwill

The variation of the balance recorded in Goodwill during the six months ended June 30, 2013 and the year 2012 was as follows:



January 1, 2012	
Acquisition value	152.104
Accumulated Impairment losses	-11.766
Balance as at January 1, 2012	140.338
Moviments during 2012	
Exchange rate differences	-
Increases	3.832
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	<u>144.170</u>
December 31, 2012	
Acquisition value	155.936
Accumulated Impairment losses	-11.766
Balance as at December 31, 2012	144.170
Moviments during 2013	
Exchange rate differences	-
Increases	1.786
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	<u>145.956</u>
June 30, 2013	
Acquisition value	157.722
Accumulated Impairment losses	-11.766
Balance as at June 30, 2013	145.956

When the various subsidiaries were acquired, the difference between the value of the acquisition and the fair value of the assets and liabilities acquired were calculated

The variation in the first half of 2013 of the goodwill value results mainly from the acquisition by the Inapa Portugal, SA, subsidiary of Crediforma - Papelaria e Equipamento Técnico, Lda, that develops activity in the area of VisualCom, for the amount of 2,110 thousand euros, having been provisionally assigned a value of 341 million euros to the acquired net assets.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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



	<u>30 June 2013</u>	<u>December 31, 2012</u>
Non current		
Other's	38	62
	<u>38</u>	<u>62</u>
Current		
Other's	-	-
	<u>-</u>	<u>-</u>

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

Opening balance as at 1 January 2011	675
Aquisitions	15
Disposals	-628
Changes in fair value	-
Closing balance as at 31 December 2012	<u>62</u>
Aquisitions	-
Disposals	-24
Changes in fair value	-
Closing balance as at 30 June 2013	<u><u>38</u></u>



10. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS

As at 30 June 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

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.



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

11. 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%

12. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

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



	<u>30 June 2013</u>	<u>December 31, 2012</u>
Trade receivables		
Trade receivables -Current account	126.758	133.039
Trade receivables -Bills receivable	14.274	10.692
Doubtful debt	24.259	20.487
	<u>165.291</u>	<u>164.218</u>
Cumulative impairment losses	-19.075	-17.890
Trade receivables - net balance	<u>146.216</u>	<u>146.328</u>

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

	<u>30 June 2013</u>	<u>31 December 2012</u>
Other non current assets		
Other debtors	29 948	29 136
Accumulated impairment losses	-1 229	-1 236
	<u>28 719</u>	<u>27 900</u>
Other current assets		
Stockholdings and stockholders	-	-
Advances to suppliers	535	911
Other debtors	14 039	16 014
Accumulated impairment losses	-3 019	-3 019
	<u>11 020</u>	<u>12 995</u>
Accrued income	15 684	21 015
Deferred costs	4 338	1 943
	<u>31 577</u>	<u>36 864</u>

13. CASH AND CASH-EQUIVALENT

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

	<u>30 June 2013</u>	<u>31 December 2012</u>	<u>30 June 2012</u>
Cash and cash-equivalent			
Banks	11.229	20.522	9.906
Cash	344	86	490
	<u>11.573</u>	<u>20.608</u>	<u>10.396</u>

Cash-flow Statement



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

	30 June 2013	31 December 2012	30 June 2012
Cash and cash-equivalent			
Banks	11.229	20.522	9.906
Cash	344	86	490
Cash and cash-equivalent per balance sheet	11.573	15.047	10.396
Bank overdrafts	-104.377	-82.653	-113.903
Cash and Cash-equivalent per Cash-Flow statement	-92.804	-70.826	-103.507

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

14. Impairment

During the six months ended in 30 June 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	-	-	350	1.962	-	2.312
Utilisation	-	-	-	-603	-7	-610
Reverseals	-	-	-15	-654	-	-669
Changes in the consolidation perimeter	-	-	200	491	-	691
Exchange rate differences	-	-	-2	-11	-	-13
Balance as at June 30, 2013	11.766	27.464	1.411	19.075	4.248	63.964

15. SHARE CAPITAL



At June 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 June 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 June 2013, the Group did not hold own shares and no transactions involving own shares were recorded during the six-month period under analysis.

16. LOANS

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

	<u>30 June 2013</u>	<u>31 December 2012</u>
Current debt		
° Bank loans		
° Bank loans and other current financial instruments	104.377	82.653
° Commercial paper, redeemable at its nominal value, renewable, with maturity within one year	49.661	50.211
° Medium and long-term financial instruments (portion maturity within 1 year)	23.366	44.316
° Other current financial loans	9.156	43.878
Total current debt	<u>186.560</u>	<u>221.058</u>
Non- current debt		
° Bank loans		
° Medium and long-term financial instruments	114.744	84.115
° Other loans	-	-
	<u>114.744</u>	<u>84.115</u>
° Financing associated to financial assets - securitisation (Note 37)	33.992	52.872
Total non-current debt	<u>148.736</u>	<u>136.987</u>
Total debt	<u><u>335.296</u></u>	<u><u>358.045</u></u>

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

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



	<u>30 June 2013</u>	<u>31 December 2012</u>
Loans		
Current	186.560	221.058
Non-current	114.744	84.115
	<u>301.304</u>	<u>305.173</u>
Loans associated to financial assets - securitization	33.992	52.872
Financial leases debt	8.193	8.698
	<u>343.489</u>	<u>366.743</u>
Cash and cash-equivalents	11.573	20.608
Negotiable financial assets (listed securities)	-	-
Available-for-sale financial assets (listed securities)	-	-
	<u>11.573</u>	<u>20.608</u>
	<u>331.916</u>	<u>346.135</u>

17. SUPPLIERS AND OTHER CURRENT AND NON CURRENT LIABILITIES

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

	<u>30 June 2013</u>	<u>31 December 2012</u>
Other non current liabilities		
Other creditors	525	-
Fixed assets suppliers	7.032	7.582
	<u>7.557</u>	<u>7.582</u>
Suppliers		
Suppliers on current account	55.866	48.268
Trade bills account	-	-
Invoices pending reconciliation	3.234	991
	<u>59.100</u>	<u>49.259</u>
Other current liabilities		
Advances from clients	875	1.766
Fixed assets suppliers	1.161	1.116
Other creditors	11.896	9.082
Accruals and deferred items	8.911	8.758
	<u>22.843</u>	<u>20.722</u>



18. INCOME TAX

The amount of taxes in the Interim Consolidated Income Statement for the six months to 30 June 2013, amounting to a total of 243 thousand Euros, equates to the liability for current income tax for the half-year period in the amount of 274 thousand Euros plus the balance of changes in deferred tax, amounting to 31 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 2013, is detailed in the following table:

	<u>30 June 2013</u>
Net income before tax	836
Nominal company tax rate	30%
	<u>-251</u>
Income tax	<u>-243</u>
	<u>-8</u>
Permanent differences- Germany	156
Permanent differences- Portugal	-38
Permanent differences- France	-13
Tributable dividends	-
Changes in taxes rates	-78
Other	-19
	<u>8</u>

Deferred tax

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

The following table reports changes in deferred tax assets and liabilities during the six months to 30 June 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>30-06-2013</u>
Deferred tax assets					
Taxable provisions	88	-	-	-	88
Reportable tax losses	17.432	-	-	315	17.747
Others	3.264	-	-	-138	3.126
	<u>20.784</u>	<u>-</u>	<u>-</u>	<u>177</u>	<u>20.961</u>
Deferred tax liabilities					
Fixed assets revaluation	-8.272	-	-	387	-7.885
Depreciation	-13.554	-	-	-548	-14.102
Others	-1.118	-	-	15	-1.103
	<u>-22.945</u>	<u>-</u>	<u>-</u>	<u>-146</u>	<u>-23.091</u>
Net deferred tax	<u>-2.161</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>-2.130</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	-13.554
Others	-514	-	-	-604	-1.118
	<u>-21.128</u>	<u>-</u>	<u>-</u>	<u>-1.817</u>	<u>-22.945</u>
Net deferred tax	<u>-1.602</u>	<u>-</u>	<u>-</u>	<u>-558</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 17,694 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	8.171	ilimited
Inapa Distribución Ibérica	7.024	2021-2027
Portuguese group companies	65	2017
Inapa Suisse	509	2018
Inapa Belgique	1.913	ilimited
Outros	65	
	<u>17.747</u>	



19. 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.

20. SUBSEQUENT EVENTS

The following events took place after June 30, 2013:

8/12/2013 – Announcement of the 100% acquire agreement of the paper distribution Turkish company Korda.

-:--:-:--:-



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 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 June 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, 21 August 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 Sales Luís

Director and member of the Audit Committee

Gonçalo de Faria Carvalho

Director and member of the Audit Committee



5.4. 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, 2013 of Inapa – Investimentos, Participações e Gestão, SA included in the Directors' Report, consolidated balance sheet (which shows total assets of Euro 662.520 thousand and total shareholders' equity of Euro 196,856 thousand, including non-controlling interests of Euro 4,040 thousand and a net profit of Euro 520 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 level of 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, 2013 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 19 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 21, 2013

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.



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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Participações e Gestão, SA**
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