



Consolidated Results

30 June 2014

inapa



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1. Highlights

Net income increased €1M to €1.5M

Sales grew 5.3% to €466.3M

Recurring EBITDA growth of 20.8% with a margin of 3.0% (+0.4 pp)

Generation of results

- Sales increased 5.3% relatively to June 2013
- Gross margin of 18.4%, similar level of last year
- Pro-forma operational costs before provisions reduced 2 million euros (-3.0%)
- Recurrent EBITDA grew 20.8% to 14.1 million Euros, representing 3.0% of sales
- Operational results increased 2.1 million euros to 10.6 million euros
- Earnings before taxes grew 1.5 million euros to 2.3 million euros
- Net income increased of 195% to 1.5 million Euros

Financial strength

- Working capital, on a pro-forma basis, has decreased 8.6 million euros relatively to 1st half of 2013 and 3.2 million euros relatively to December 2013
- Net debt, on a pro-forma basis, decreased 13.4 million Euros comparing with the 1st half 2013 and 11.5 million Euros relatively to year end.

Chart 1 Main Consolidated Indicators						
Million euros	1H14	1H13	Δ 14/13	2Q14	2Q13	Δ 14/13
Tons ('000)	431	395	9,1%	206	188	9,4%
Sales	466,3	442,8	5,3%	225,0	214,5	4,9%
Gross margin	85,8	82,1	4,5%	41,2	39,8	3,6%
Gross margin (%)	18,4%	18,5%	-0,1 pp	18,3%	18,5%	-0,2 pp
Operating costs ¹	69,2	68,5	1,1%	34,2	34,1	0,2%
Provisions	2,48	1,96	26,2%	1,3	0,7	101,4%
Re-EBITDA	14,1	11,7	20,8%	5,7	5,0	13,2%
Re-EBITDA margin (%)	3,0%	2,6%	0,4 pp	2,5%	2,3%	0,2 pp
EBIT	10,6	8,5	24,5%	4,0	3,3	18,2%
Net financial costs	8,4	7,3	15,8%	4,2	3,8	8,5%
EBT	2,3	0,8	174%	-0,1	-0,9	n.a.
Net income	1,5	0,5	195,3%	0,1	-0,6	n.a.

	30/6/14	30/6/13	Δ 14/13	31/12/13	Δ 6 months
Net Debt ²	332,1	331,9	0,1%	341,2	-2,7%
Net Debt <i>pro-forma</i> ³	318,5	331,9	-4,0%	330,0	-3,5%
Working Capital	157,6	152,5	3,3%	159,2	-1,0%
Working Capital <i>pro-forma</i> ³	143,9	152,5	-5,7%	147,1	-2,2%

⁽¹⁾ Net of income from services and other income and excludes provisions
Pro-forma (excl. Korda, Realpack e Trademba) Jun-14 = 64,4 M€

⁽²⁾ Includes securitization

⁽³⁾ Excludes assets and liabilities of Korda, Realpack e Trademba



2. Relevant facts

- 2/28/2014 Address change in the company headquarters
- 3/19/2014 Notice of Ordinary General Meeting
- 3/19/2014 2013 Results announcement
- 4/4/2014 Reduction below 2% of the qualifying holding of Tiago Moreira da Silva Trindade Salgado
- 4/10/2014 Ordinary General Meeting
- 4/16/2014 Communication of Banco Comercial Português, SA on the qualifying holding of 32.94%
- 4/23/2014 Information to shareholders that preferred shares are now granting voting rights
- 4/24/2014 Announcement of dividend payment according to the resolutions of the General Meeting held on April 10th
- 4/30/2014 Communication of Banco Espírito Santo, SA on the qualifying holding of 6.11%
- 5/2/2014 Communication of Caixa Geral de Depósitos, SA on the qualifying holding of 33.014%
- 5/2/2014 Communication of Parública, SGPS, SA on the qualifying holding of 10.88%
- 5/8/2014 Announcement of share capital decrease of Inapa-Investimentos, Participações e Gestão, SA from € 204 176 479,38 to €180 135 111,43
- 5/12/2014 Dividend payment to preferred shares
- 5/21/2014 1st quarter 2014 announcement results
- 6/16/2014 Inapa receives the Corporate Governance award for the fourth consecutive year

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

- 7/10/2014 Notice of Extraordinary General Meeting
- 7/22/2014 Addendum to the Notice of Extraordinary General Meeting
- 7/25/2014 Inapa Packaging receives the award for “Growth Strategy”
- 8/6/2014 Extraordinary General Meeting



3. Management report

3.1. Market analysis

According to the latest data released by Eurostat, on the second quarter of 2014 GDP remained unchanged in the Eurozone, which compares with a 0.2% growth on the first quarter. Compared to the same period quarter growth was 0.7%. Also according to the Eurostat annual rate of inflation in June stood at 0.5%. Unemployment rate was of 11.5%, down 0.1 percentage points from the previous month and 0.5 percentage points over the same period, being the lowest level since September 2012.

Despite some improvement evidence on the macroeconomic scenario, there is still a high resilience of relevant risk factors: high unemployment levels, particularly youth unemployment, low inflation expectations in Europe, that remain at historically low levels, or the existing probability, although relatively low risk of deflation. In political terms the situation in Ukraine, which has dragged on, was an additional factor of instability.

The reversal of the positive macro-economic indicators apparently seem to have slowed the structural decline in the pulp and paper sector. The GDP growth spurred a demand increased for paper, mitigating the effect of the decline in private consumption and investment, recorded in the recent past, because of the economic crisis.

According to the latest available data from the Euro-Graph, demand in Europe, cumulative to May fell by 2.3% in the graphics sector and 1.5% in the coated paper (coated woodfree) while demand for uncoated paper (uncoated woodfree) increased by 1.5% over the same period last year. The development appears to be more positive than in the same period of last year or at the end of 2013.

The effect generated by the positive evolution of Economy has also enhanced the business areas of packaging and visual communication.



3.2.Consolidated performance

In an economic environment of some recovery in Europe, consolidated Inapa sales grew by 5.3% until June 2014 over the same period of 2013, reaching 466.3 million euros. Contributing to this positive trend was the 9.1% growth in volumes, the 4.2% growth of paper sales, the higher growth of 12.8% of complementary businesses and the effect of the recent acquisitions. In a pro-forma basis, paper business maintained its turnover – despite the negative evolution – and complementary business grew 2.7%.

With regard to the market environment, during the first half of 2014 continued to persist a strong pressure over average prices, generated by imbalances between a lower demand and supply with excess capacity.

Despite the inherent difficulties in the business context, Inapa kept the gross margin protection strategy, implemented last year, which resulted in an overall improvement in the profitability of the Group, through gross margin maintenance and sales mix improvement.

Complementary business continue to record the positive trend, with a growth of 26.3% in packaging and 7.1% in the visual communication business.

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

Million euros	1H14			1H13	
	Sales	Weight	Δ 14/13	Sales	Weight
Paper	404,0	86,6%	4,2%	387,6	87,5%
Complementary business	62,3	13,4%	12,8%	55,2	12,5%
Packaging	32,3	6,9%	26,3%	25,6	5,8%
Visual communication	15,7	3,4%	7,1%	14,6	3,3%
Others ¹	14,4	3,1%	-4,4%	15,1	3,4%
Total	466,3	100%	5,3%	442,8	100%

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

The above mentioned gross margin strategy resulted in a gross margin of 18.4%, a slight decrease of 0.1 percentage points over the same period of 2013.

In the first half of 2014, as a result of the continuous cost management policy, operating costs decreased by 2.0 million euros (-3.0%) over the same period of 2013, on a pro forma basis. This decrease is mainly due to improved efficiency on the distribution, personnel and administrative costs.



Client provisions increased by 0.5 million euros compared to the same period last year, continuing to represent 0.5% of sales. Inapa maintained a strict credit risk management, which was complemented by its credit insurance policy.

Until June, the re-EBITDA was 14.1 million euros, representing 3.0% of sales, an increase of 20.8% (2.4 million euros), supported by the paper and complementary business sales increase, the strict control of operating costs and on continuous credit risk management.

Operational results (EBIT) increased 24.5% to 10.6 million euros, representing 2.3% of sales.

It should be highlighted that both EBITDA and EBIT margin, stood at the top levels of market benchmarks.

In the first half of 2014, financial costs increased by 15.8%, compared to the first six months of 2013, to 8.4 million euros, as a result of the Group perimeter increase and the gradual increase trend of reference rates, partially offset by the average debt levels reduction due to the operational cash flow increase. At a pro-forma basis the increase was of 7.7%.

Earnings before taxes rose 174% to 2.3 million euros. The good commercial performance, the gross margin maintenance and the operating costs contention, was only partially affected by the increase in net financial charges and depreciations.

Taxes for the period were 0.8 million euros.

Until June, the consolidated net income increased by 195% to 1.5 million euros, which compares with 0.5 million euros in 2013.

Working capital, on a comparable basis, improved 5.7% over June 2013, ie a reduction of 8.6 million euros. This evolution was due to improved management of working capital adjusted the business evolution.

The net debt at June 30, 2014, on a comparable basis, excluding the impact of acquisitions was 318.5 million euros, recording a decrease of 11.5 million euros when compared to December 2013 and a 13.4 million euros reduction if compared to June 2013.

3.3. Performance of the Group Business Areas

The Agenda 2020, Inapa's strategic plan, set as goals the growth and geographic diversification of its portfolio. Thus, as a result of implementation of the strategic plan, the weight of complementary businesses (packaging and visual communication) in sales was 13.4%,



compared with 12.5% in the same period of last year, and their relative contribution to the generation of operational results (EBIT) of the Group was 21.2%.

PAPER

In volume, 1H14 sales increased 9.1% comparing with 2013, from 395 thousand to 431 thousand tons. In value, paper business sales were 404.0 million euros, a 4.2% increase. The decline in the average price of paper relatively to the same period of 2013, is the result of the strong competition that exists in the markets, due to the falling demand and oversupply. The gradual improvement of economic indicators in Europe boosted the growth of the paper business along with the effect of the new operation in the Turkish market.

Cross-selling in the paper business (namely the sale of graphic and office supplies) amounted to 14.4 million euros in the first half of 2014.

The Group maintained its gross margin protection policy, focused on improving profitability through the product mix and maintained the paper business gross margin in 17%.

Operational results (EBIT) in the paper business were 9.5 million Euros, representing 2.3% of sales, a 29.1% increase compared with previous year. This evolution is explained by the good sales performance, conjugated with a reduction of fixed and distribution costs.

PACKAGING

Packaging business had an increase of 26.3% relatively to 2013, with sales of 32.3 million euros driven by the growth in the markets where it operates and complemented by the acquisitions of Karbox (France), Trademal (Portugal) and Realpack (Germany).

Operational results (EBIT), increased 37.1% to 1.7 million euros representing 5.3% of sales, as a result of operational optimization, due to the ongoing reorganization of the packaging business across all the geographies.

VISUAL COMMUNICATION

The business of visual communication ended the first half with sales of 15.7 million euros, an increase of 7.1% over the same period of 2013. Digital printing has registered a strong growth due to the innovation introduced in the market, such as Latex, that has speed up the change of



offset technologies and with resources to solvent inks. Nevertheless it should be highlighted that equipment sales continue to decrease due to lower investments in the Eurozone.

Operational results (EBIT) were of 0.6 million Euros, representing 3.6% of sales.

3.4.Future prospects

For the next quarter of the current year, it is foreseen a positive trend in paper volumes and sales, following the expected economic recovery on the Eurozone, despite the negative predictions of paper demand due to the competitive pressures, alongside the rigor required in the management of customers credit risk. Regarding the evolution of complementary businesses, it is anticipated the continuation of the positive trend, due to the investments made and the established partnerships.

Concerning the main markets, it is expected a good volume performance in Germany and Spain. For Switzerland and Portugal, predictions point to a more moderate growth pace and, at the French market, it is anticipated a contraction in demand, though perhaps less pronounced than observed to date.

Despite the positive general progression of economic indicators, it will remain a considerable difference between economic growth and paper demand growth due in a large extent to competition from digital media.

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 that support the business activity and the consolidation of the shared services center.

Complementary businesses should maintain the recorded growth trend and profitability, with a consequent increase on its weight on the Group, both in revenue and operational results. Packaging business will continue to absorb a significant portion of the Group's investment.

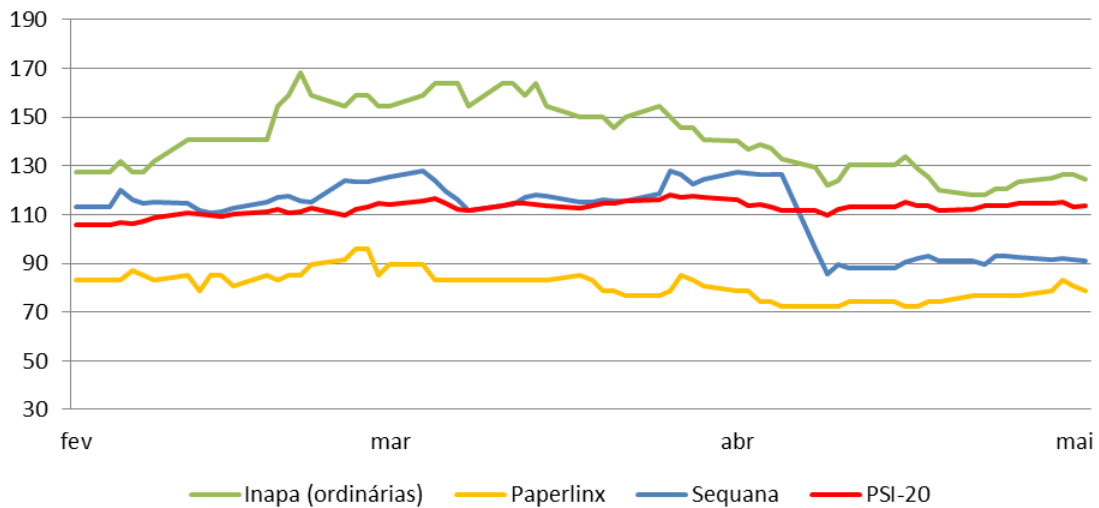
In terms of cash flow generation, the Group will continue to focus on optimizing working capital, on generating cash from operations, on continuing the effort to reduce debt and on improving its maturity ratio.



3.5. Stock market

Inapa stock price vs. PSI20 vs. comparables

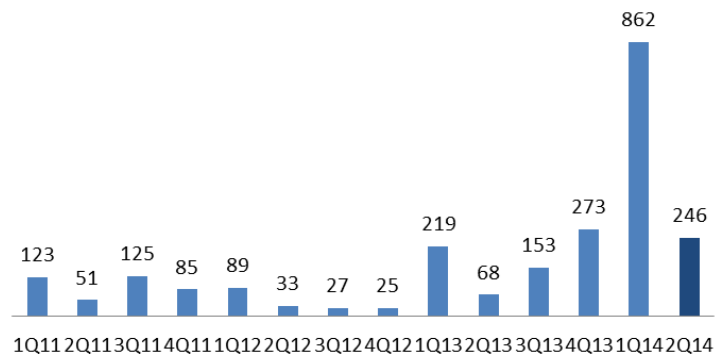
June 2014



At the end of the first half of 2014 ordinary shares quote had a decrease of 3.2% relatively to 2013-year end. During the second quarter, the trend of the first quarter reverted, having closed the quarter with a price 0.213€, which compares with a 3.7% increase of the PSI-20. Despite the decline, the performance of Inapa shares was better the one of other players in the industry.

Inapa trading volumes during the second quarter were lower than in the first quarter, with average volumes similar to last quarter of 2013.

Average trading volumes
Thousands of shares



Preferred share's price at 30 June 2014 was 0.20€, two cents above its emission price (done in October 2011) and four cents below 2013 year end quote. The liquidity of these titles is low, being traded 745 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, 2014
(Amounts expressed in thousand of Euros)

	Notas	JUNE 30, 2014	2nd QUARTER 2014 *	JUNE 30, 2013	2nd QUARTER 2013 *
Tonnes *		431.461	206.087	395.494	188.409
Sales and service rendered	3	471.137	227.131	447.738	216.984
Other Income	3	11.492	5.552	11.786	5.344
Total Income		482.629	232.683	459.524	222.328
Cost of sales		-384.988	-185.711	-365.256	-176.829
Personal costs		-38.759	-19.428	-37.583	-18.682
Other costs	5	-44.937	-21.837	-45.887	-22.501
		13.945	5.707	10.797	4.316
Depreciations and amortizations		-3.212	-1.599	-2.669	-1.328
Gains / (losses) in associates	3	3	2	1	-1
Net financial function	6	-8.445	-4.174	-7.293	-3.848
Net profit before Income tax		2.291	-65	836	-861
Income tax	16	-755	120	-243	308
Net profit / (loss) for the period		1.537	55	594	-553
Attributable to :					
Shareholders of the company		1.534	57	520	-656
Non controlling interests		3	6	74	37
Earnings per share of continued operations - €					
Basic		0,003	0,0004	0,001	-0,001
Diluted		0,003	0,0004	0,001	-0,001

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, 2014

(Amounts expressed in thousand of Euros)

	JUNE 30, 2014	2nd QUARTER 2014 *	JUNE 30, 2013	2nd QUARTER 2013 *
Net profit for the period before minority interest	1.537	55	594	-553
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	99	125	(4)	(94)
Income recognized directly in equity	99	125	(4)	(94)
Total comprehensive income for the period	1.636	180	590	-647
Attributable to :				
Shareholders of the company	1.633	174	516	-683
Non controlling interests	3	6	74	37
	1.636	180	590	-647

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, 2014

(Amounts expressed in thousand euros)

	Notes	JUNE 30, 2014	DECEMBER 31, 2013
ASSETS			
Non-current assets			
Tangible fixed assets		90.485	92.997
Goodwill	7	148.559	148.535
Other intangible assets		114.270	112.984
Investment in associate companies		1.071	1.068
Available-for-sale financial assets	8	39	40
Other non-current assets	11	23.018	24.232
Deferred tax assets	17	22.618	22.347
Total non-current assets		400.060	402.203
CURRENT ASSETS			
Inventories		73.583	67.895
Trade receivables	11	149.584	141.913
Tax to be recovered		6.951	8.444
Available-for-sale financial assets	8	-	-
Other current assets	11	28.945	31.110
Cash and cash-equivalents	12	17.671	24.835
Total current assets		276.735	274.197
Total assets		676.795	676.399
SHAREHOLDERS EQUITY			
Share capital	14	180.135	204.176
Share issue premium		450	450
Reserves		45.454	43.832
Retained earnings		-33.835	-57.085
Net profit for the period		1.534	1.273
		193.739	192.648
Non controlled interests		1.112	1.211
Total shareholders equity		194.851	193.859
LIABILITIES			
Non-current liabilities			
Loans	15	108.347	111.436
Financing associated to financial assets	15	40.035	47.002
Deferred tax liabilities	17	23.917	23.854
Provisions		147	307
Liabilities for employee benefits		4.700	4.594
Other non-current liabilities	16	4.265	6.032
Total non-current liabilities		181.410	193.225
Current liabilities			
Loans	15	201.425	207.599
Suppliers	16	65.547	50.592
Tax liabilities		12.970	12.310
Other current liabilities	16	20.593	18.815
Total current liabilities		300.535	289.315
Total shareholders equity and liabilities		676.795	676.399

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, 2014
(Amounts expressed in thousand of Euros)

	ATTRIBUTABLE TO SHAREHOLDERS					Total	Non-controlling interests	Total Shareholders Equity
	Share Capital	Share issuance premium	Foreign Exchange Adjustments	Other reserves and Retained earnings	Net Profit / (loss) for the period			
BALANCE AS AT JANUARY 1, 2013	204.176	450	5.122	-11.500	-5.949	192.300	4.068	196.369
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
BALANCE AS AT JANUARY 1, 2014	204.176	450	4.612	-17.865	1.273	192.648	1.211	193.859
Total earnings and costs recognized in the period	-	-	99	-	1.534	1.633	3	1.636
Previous year net profit and loss result	-	-	-	1.273	-1.273	-	-	-
Dividends	-	-	-	-542	-	-542	-	-542
Capital reduction to retained earnings coverage	-24.042	-	-	24.042	-	-	-102	-102
Other changes	-	-	-	-	-	-	-	-
Total of gains and losses of the period	-24.042	-	99	24.773	261	1.091	-99	992
BALANCE AS AT JUNE 30, 2014	180.134	450	4.711	6.909	1.534	193.739	1.112	194.851

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, 2014

(Amounts expressed in thousand Euros) - direct method

	Notes	JUNE 30, 2014	2nd QUARTER 2014 *	JUNE 30, 2013	2nd QUARTER 2013 *
Cash flow generated from operating activities					
Cash receipts from customers		486.257	247.893	464.995	224.583
Payments to suppliers		-390.276	-197.737	-364.729	-186.847
Payments to personnel		-39.862	-19.786	-37.444	-18.372
Net cash from operational activities		56.118	30.370	62.821	19.363
Income taxes paid		-1.214	-632	-3.698	-3.325
Income taxes received		783	-	318	41
Other proceeds relating to operating activity		19.221	8.311	20.200	3.374
Other payments relating to operating activity		-46.670	-26.602	-58.936	-14.480
Net cash generated from operating activities	[1]	28.239	11.449	20.706	4.974
Cash flow from investing activities					
Proceeds from:					
Financial investments		-	-	24	-
Tangible fixed assets		1.287	942	924	923
Intangible assets		-	-	-	-
Interest and similar income		1.425	746	322	211
Dividends		-	0	21	21
		<u>2.712</u>	<u>1.688</u>	<u>1.291</u>	<u>1.155</u>
Payments in respect of:					
Financial investments		-263	-29	-1.251	850
Tangible fixed assets		-1.708	-602	-667	-353
Intangible assets		-536	-422	-545	-375
Advances from third-party expenses		-	-	-	-
Loans granted		-	-	-	-
		<u>-2.507</u>	<u>-1.052</u>	<u>-2.462</u>	<u>123</u>
Net cash used in investing activities	[2]	204	636	-1.172	1.278
Cash flow from financing activities					
Proceeds from:					
Loans obtained		26.720	8.680	24.399	4.313
Capital increases, repayments and share premiums		-	-	-	-
Treasury placements		-	-	-	-
Changes in ownership interests		-	-	-	-
		<u>26.720</u>	<u>8.680</u>	<u>24.399</u>	<u>4.313</u>
Payments in respect of:					
Loans obtained		-44.638	-8.085	-67.794	-18.099
Amortization of financial leases		-368	-48	-490	-182
Interest and similar expenses		-8.476	-5.571	-6.369	-3.533
Dividends		-542	-542	-	-
		<u>-54.024</u>	<u>-14.245</u>	<u>-74.653</u>	<u>-21.814</u>
Net cash used in financing activities	[3]	-27.304	-5.565	-50.255	-17.502
Increase / (decrease) in cash and cash-equivalent	[4] = [1] + [2] + [3]	1.140	6.520	-30.721	-11.251
Effect of exchange differences		-20	-48	-38	-12
		<u>1.120</u>	<u>6.472</u>	<u>-30.759</u>	<u>-11.263</u>
Cash and cash-equivalents at the beginning of period		-107.162	-	-62.045	-
Cash and cash-equivalents at the end of period	12	<u>-106.042</u>	<u>6.472</u>	<u>-92.804</u>	<u>-11.263</u>
		1.120	6.472	-30.759	-11.263

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 2014

(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 Braamcamp 40 - 9ºD, 1250-050

Lisbon, Portugal

Share capital: 204,176,479.38 euros

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

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 one company selling which sells packaging material, Realpack, GmbH.



These consolidated financial statements were approved by Inapa-IPG's Board of Directors of 28 August 2014. 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 2014 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 2013.

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 these interim consolidated financial statements are consistent with the policies adopted by the Inapa Group in preparing its annual consolidated financial statements reported on the financial year that ended December 31th, 2013 and are detailed in the Notes to those financial statements.

New standards, interpretations and amendments to standards

After 1 January 2014 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 27 (revision 2011) – Consolidated and Separate Financial Statements;
- IAS 28 (revision 2011) – Investments in Associates;
- IAS 32 (amendment) – Financial Instruments: Presentation;
- IAS 36 (amendment) – Impairment of Assets;
- IAS 39 (amendment) – Financial Instruments: Recognition and Measurement;
- IFRS 10 – Consolidated Financial Statements;



- IFRS 11 - Joint Arrangements;
- IFRS 12 - Disclosure of Interests in Other Entities;
- Changes to IFRS 10, IFRS 11 and IFRS 12 – Transition regime;
- Changes to IFRS 10, IFRS 12 and IAS 27 – Investment entities;

The beginning of these standards had no had no material impact on these financial statements.

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 2014 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 16 and IAS 38 (amendment) – Methods of calculating depreciation and depreciation allowed (effective for annual periods beginning on or after January 1, 2016). This amendment is still subject to endorsement by the European Union. IAS 28 (revision) – Investments in Associates and Joint Ventures (effective for periods beginning on or after January 1, 2014);
- IAS 16 and IAS 38 (amendment) – 'Agriculture: plants that produce consumable biological assets' (effective for annual periods beginning on or after January 1, 2016). This amendment is still subject to endorsement by the European Union;
- IAS 19 (amendment) – Defined benefit plans - Employee contributions' (effective for annual periods beginning on or after July 1, 2014). This amendment is still subject to endorsement by the European Union;
- IFRS 9 (new) – Financial instruments – accounting and measurement (effective for periods beginning on or after 1 January 2018);
- IFRS 9 (amendment) – Financial instruments – 'Financial instruments - hedge accounting' (effective for annual periods beginning on or after January 1, 2018). This amendment is still subject to endorsement by the European Union;
- IFRS 11 (amendment) – Accounting for the acquisition of an interest in a joint operation' (effective for annual periods beginning on or after January 1, 2016) .This is still subject to endorsement by the European Union;
- IFRS 14 (new) – Tariff deviations' (effective for annual periods beginning on or after January 1, 2016). This standard is still subject to endorsement by the European Union;
- IFRS 15 (new) – Revenue from contracts with customers' (effective for annual periods beginning on or after January 1, 2017). This standard is still subject to endorsement by the European Union process;
- IFRIC 21 (new) – Levies, Government taxes (effective for annual periods beginning on or after June 17, 2014).
- Improvements to standards 2010 - 2012, (applicable in general to periods beginning on or after July 1, 2014). These improvements are still subject to endorsement by the European Union. This cycle of improvement affects the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Improvements to standards •• 2011 - 2013, (applicable in general to periods beginning on or after July 1, 2014). These improvements are still subject to endorsement by the



European Union. This cycle affects the normative improvements following: IFRS 1, IFRS 3, IFRS 13 and IAS 40.

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, 2014, 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 2014.

Estimates made in preparing the financial statements for the six months ended June 30, 2014 have the same characteristics as in the preparation of financial statements for 2013.

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. SALES AND SERVICE RENDERED AND OTHER INCOME

Sales and services rendered during the six months to 30 June 2014 and 30 June 2013 brake down as follows:



	<u>30 June 2014</u>	<u>30 June 2013</u>
<i>Domestic market</i>		
Goods sold	22.992	23.478
Service rendered	<u>204</u>	<u>159</u>
	23.195	23.637
<i>Exports</i>		
Goods sold	443.356	419.360
Service rendered	<u>4.585</u>	<u>4.741</u>
	<u>447.942</u>	<u>424.101</u>
Total	<u>471.137</u>	<u>447.738</u>

As at 30 June 2014 and 2013, Other income balance brake down as follows:

	<u>30 June 2014</u>	<u>30 June 2013</u>
Supplementary income	423	400
Net cash discounts	4.429	4.539
Other income	6.641	6.847
	<u>11.492</u>	<u>11.786</u>

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, 2014 and 2013 for operating segments is as follows:



	30 June 2014						30 June 2013					
	Paper	Packaging	Visual Communication	Other operations	Eliminations on consolidations	Consolidated	Paper	Packaging	Visual Communication	Other operations	Eliminations on consolidations	Consolidated
REVENUES												
External sales	418.409	32.278	15.657	4	-	466.348	402.649	25.561	14.622	6	-	442.838
Inter-segment sales	1.000	991	1.444	-	-3.435	-	378	1.213	1.353	-	-2.943	-
Other revenues	15.329	475	473	4	-	16.281	16.100	234	231	120	-	16.685
Total Revenues	434.738	33.744	17.574	8	-3.435	482.629	419.127	27.008	16.206	126	-2.943	459.524
RESULTS												
Segment results	9.537	1.704	570	-1.305	227	10.733	7.390	1.243	1.008	-1.896	383	8.129
Operational results						10.733						8.129
Interest expenses	-5.195	-440	-161	-5.479	1.867	-9.408	-3.531	-240	-111	-5.138	1.492	-7.528
Interest income	2.619	8	17	384	-2.065	964	1.379	4	15	495	-1.658	235
Tax on profits	-	-	-	-	-	-755	-	-	-	-	-	-243
Income from ordinary activities						1.533						593
Gains/ (losses) in associated companies						3						1
Net profit / (loss) for the year						1.537						594
Attributable :												
Equity shareholders						1.533						520
Non controlling interests						3						74

As at 30 June 2014 and 2013, paper sales per country where the Group operates were broken down as follows:

	Sales	
	30 June 2014	30 June 2013
Germany	220.295	212.122
France	96.076	102.523
Portugal	19.612	20.732
Others	82.427	67.272
	418.409	402.649

5. OTHER COSTS

As at the end of the six month period to 30 June 2014 and 30 June 2013, the Other costs brake down as follows:



	<u>30 June 2014</u>	<u>30 June 2013</u>
General and Administrative expenses	-39.928	-40.438
Indirect taxes	-2.074	-1.982
Other costs	-461	-1.505
Impairment to current assets	-2.475	-1.962
	<u>-44.937</u>	<u>-45.887</u>

6. FINANCIAL FUNCTION

As at the end of the six months to 30 June 2014 and 30 June 2013, financial function was broken down as follows:

	<u>30 June 2014</u>	<u>30 June 2013</u>
Financial income		
Interest received	-	-
Gains on investments	-	21
Favourable FX differences	964	66
Other financial income and profits	-	148
	<u>964</u>	<u>235</u>
Financial costs		
Interest paid	-6.658	-5.551
Unfavourable FX differences	-970	-17
Other financial losses and costs	-1.781	-1.960
	<u>-9.409</u>	<u>-7.528</u>
Net financial results	<u><u>-8.445</u></u>	<u><u>-7.293</u></u>

7. GOODWILL

The variation of the balance recorded in Goodwill during the six months ended June 30, 2014 and the year 2013 was as follows:



January 1, 2013	
Acquisition value	155.936
Accumulated Impairment losses	-11.766
Balance as at January 1, 2013	144.170
Moviments during 2013	
Exchange rate differences	-
Increases	4.365
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	148.535
December 31, 2013	
Acquisition value	160.301
Accumulated Impairment losses	-11.766
Balance as at December 31, 2013	148.535
Moviments during 2014	
Exchange rate differences	-
Increases	24
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	148.559
June 30, 2014	
Acquisition value	160.325
Accumulated Impairment losses	-11.766
Balance as at June 30, 2014	148.559

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 2013 variation in the value of goodwill results mainly from the acquisition of Realpack, in the area of packaging, by the subsidiary Inapa Packaging, in the amount of 2,901 thousand Euros, being assigned a value of 910 thousand Euros to the acquired net assets. Inapa Portugal acquired Crediforma, in the area of visual communication, by the amount of 2,116 thousand Euros, being assigned a value of 330 thousand Euros to the acquired net assets. Inapa - Investimentos, Participações e Gestão acquired Korda, a paper supplier in Turkey, by the amount of 5,304 thousand Euros, being assigned a value of 4,716 thousand Euros to the acquired net assets.

The variation in the first half of 2014 results essentially of an adjustment to goodwill regarding the acquisition of Realpack GmbH by Inapa Packaging, GmbH.



8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2014 and 31 December 2013, Available-for-sale financial assets were broken down as follows:

	<u>30 June 2014</u>	<u>December 31, 2013</u>
Non current		
Other's	39	40
	<u>39</u>	<u>40</u>
Current		
Other's	-	-
	<u>-</u>	<u>-</u>

Changes in Available-for-sale financial assets during six month period to 30 June 2014 and year 2013 were as follows:

Opening balance as at 1 January 2013	62
Aquisitions	2
Disposals	-24
Changes in fair value	-
Closing balance as at 31 December 2013	<u>40</u>
Aquisitions	-
Disposals	-1
Changes in fair value	-
Closing balance as at 30 June 2014	<u><u>39</u></u>



9. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS

As at 30 June 2014, 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
Inapa-Portugal, SA	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	99.75	Paper Merchanting	Inapa – IPG, SA	1988
Inapa Distribución Ibérica, SA	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid	100.00	Paper Merchanting	Inapa – IPG, 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 – IPG, 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	Inapa – IPG, 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
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
Inapa – Merchants, Holding, Ltd	Torrington House, 811 High Road Finchley N12 8JW United Kingdom	100.00	Holding	Inapa – IPG, SA	1995
Inapa Suisse	Althardstrasse 301 8105 Regensdorf – Switzerland	100.00	Paper Merchanting	Inapa-IPG,SA e Papier Union, GmbH	May 1998



Subsidiary company name	Head Office	% Group holdings	Business operation	Direct holding company	Date of incorporation
Europackaging SGPS, Lda	Rua Castilho 44- 3º 1250-071 Lisboa	100.00	Holding	Inapa – IPG, SA	October 2011
Edições Inapa, Lda	Rua Castilho 44- 3º 1250-071 Lisbon	100,00	Editorial	Inapa – IPG, SA	November 2009
Inapa Angola – Distribuição de Papel, SA	Rua Amílcar Cabral nº 211 Edifício Amílcar Cabral nº 8º Luanda – Angola	100.00	Paper Merchanding	Inapa Portugal, SA	December 2009
Semaq Emballages, SA	Rue de Strasbourg – ZI de Bordeaux Fret França	100.00	Packaging	Logistipack – Carton Services,SA	February 2013
Inapa Embalagem, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100.00	Packaging	Europackaging, SGPS, Lda	March 2013
Inapa Shared Center, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100.00	Shared services	Inapa Portugal, SA and Inapa – IPG, SA	July 2013
Da Hora Artigos de Embalagem, Lda	Urbanização das Minhoteiras, lote 3 – Crestins Maia 4470-592 Moreira Maia	100.00	Packaging	Inapa Embalagem, Lda	November 2013
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 2014
KORDA Kağıt Pazarlama ve Ticaret Anonim Şirketi	Kasap Sokak. Konak Azer 34394 Istambul Turquia	100,00	Distribuição papel	Inapa-IPG, SA	setembro 2013
Realpack GmbH	Robert-Bosch-Straße 6-12 D-71299 Wimsheim Alemanha	100,00	Embalagem	Inapa Packaging, GmbH	novembro 2013
Tradembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, S.A.	Rua da Industria, 9 Porto Salvo 2740 Oeiras Portugal	75,00	Embalagem	Inapa Embalagem, Lda.	setembro 2013

In the six months ended June 30, 2014, there were the following amendments in respect of the consolidated companies: Merger of companies Inapa Packaging, GmbH; HTL Verpackung, and Hennesen & Potthoff GmbH, GmbH, by incorporating the last two in Inapa Packaging, GmbH, with effect from April 1, 2014

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	Papier Union, GmbH	100,00
Inapa Vertriebsgesellschaft GmbH	Papier Union, GmbH	100,00

10. COMPANIES EXCLUDED FROM THE CONSOLIDATED ACCOUNTS

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

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

11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 June 2014 and 31 December 2013, Trade receivable was broken down as follows:

	<u>30 June 2014</u>	<u>December 31, 2013</u>
Trade receivables		
Trade receivables -Current account	130.780	123.611
Trade receivables -Bills receivable	14.326	13.445
Doubtful debt	28.297	26.980
	173.403	164.036
Cumulative impairment losses	-23.819	-22.123
Trade receivebles - net balance	149.584	141.913



As at 30 June 2014 and 31 December 2013, the balance of Other assets was broken down as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Other non current assets		
Other debtors	24.312	25.452
Accumulated impairment losses	-1.294	-1.220
	<u>23.018</u>	<u>24.232</u>
Other current assets		
Stockholdings and stockholders	-	-
Advances to suppliers	415	442
Other debtors	14.450	12.762
Accumulated impairment losses	-3.019	-3.019
	<u>11.431</u>	<u>9.743</u>
Accrued income	13.589	19.564
Deferred costs	3.511	1.362
	<u>28.945</u>	<u>31.110</u>

12. CASH AND CASH-EQUIVALENT

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

	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2013</u>
Cash and cash-equivalent			
Banks	17.377	24.549	11.229
Cash	294	285	344
	<u>17.671</u>	<u>24.834</u>	<u>11.573</u>

Cash-flow Statement

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

	<u>30 June 2014</u>	<u>31 December 2013</u>	<u>30 June 2013</u>
Cash and cash-equivalent			
Banks	17.377	24.549	11.229
Cash	294	285	344
Cash and cash-equivalent per balance sheet	<u>17.671</u>	<u>24.834</u>	<u>11.573</u>
Bank overdrafts	-126.480	-131.996	-104.377
Cash and Cash-equivalent per Cash-Flow statement	<u>-108.809</u>	<u>-107.162</u>	<u>-92.804</u>



The balance of Bank overdrafts includes creditor balances held on current accounts with financial institutions included in the balance of Loans (Note 15).

13. IMPAIRMENT

During the six months ended in 30 June 2014 the recognised asset impairments were as follows:

	Goodwill	Other intangible assets	Inventories	Trade receivables	Other current assets	Total
Balance as at January 1, 2013	11.766	27.464	878	17.890	4.255	62.253
Increases	-	-	341	4.190	-	4.531
Utilisation	-	-	200	-1.650	-16	-1.466
Reverseals	-	-	-64	-906	-	-970
Changes in the consolidation perimeter	-	-	38	2.612	-	2.650
Exchange rate differences	-	-	-1	-13	-	-14
Balance as at December 31, 2013	11.766	27.464	1.392	22.123	4.239	66.984
Increases	-	-	122	2.475	-	2.597
Utilisation	-	-	-	-316	74	-242
Reverseals	-	-	-	-433	-	-433
Changes in the consolidation perimeter	-	-	-	-	-	0
Exchange rate differences	-	-	-	-31	-	-31
Balance as at June 30, 2014	11.766	27.464	1.514	23.819	4.313	68.876

14. SHARE CAPITAL

At June 30, 2014 and December 31, 2013 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 during 2014 began to have voting rights, certificated and bearer with no par value. 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 2014			31 December 2013		
	Numbr of ordinary shares	% of ordinary shares	% Voting rights	Numbr of ordinary shares	% of ordinary shares	% Voting rights
Parpública – Participações Públicas (SGPS), SA	49.080.000	32,72%	10,88%	49.084.738	32,72%	32,72%
Shares attributed to Banco Comercial Português, SA (art 20º do CVM)	26.986.310	17,99%	32,93%	27.361.310	18,24%	18,24%
Fundo de Pensões do Grupo Banco Comercial Português	16.491.898	10,99%	13,81%	16.491.898	10,99%	10,99%
Banco Comercial Português	10.494.412	7,00%	19,12%	10.869.412	7,25%	7,25%
Nova Expressão SGPS, SA	9.300.000	6,02%	2,06%	9.035.000	6,02%	6,02%
Tiago Moreira Salgado	-	-	-	4.500.000	3,00%	3,00%
Shares attributed to CGD (art 2º do CVM)	2.762	0,002%	33,01%	-	-	-
Fundo de Pensões da CGD	1.262	0,001%	-	-	-	-
Caixa Banco de Investimento, SA	1.500	0,001%	-	-	-	-
Parcaixa -SGPS, SA	-	-	33,01%	-	-	-
BES	-	-	6,11%	-	-	-

As at 30 June 2014, the Group did not hold own shares and no transactions involving own shares were recorded during the six-month period under analysis.

On the General Meeting on April 10th, 2014, Inapa – IPG, S.A. shareholders came to the resolution of, among other matters, the reduction of the share capital from 204,176,479.38 Euros to 180,135,111.43 Euros and the 2013's net profit distribution proposed by the Board, in which the net profit of 1,273,356.19 Euros would be applied as follows: i) reinforcement of the Legal reserve in 63,667.81 Euros; ii) priority dividend of 541,764.79 Euros to shareholders that own preference shares; iii) reinforcement of Other reserves in 665,000.00 Euros and iv) 2,939.59 Euros to be transferred to Retained earnings.

The payment of the approved preferred dividend was held on May 12, 2014.

The share capital reduction was approved, being registered on the Commercial Registration Office. The purpose of this reduction was to cover accumulated losses at September 30th, 2013 and does not imply any reduction on the number or value of the shares issued since they have no "par value".

On the other hand, the distribution of the priority dividend was not approved thus conferring to the preferred shares "voting rights on the same terms that the ordinary shares", voting rights that will only be lost in the year following that in which the dividends were paid.

Therefore, during April and May 2014, the company was informed, in accordance with articles 16 and 248-B and the 5/2008 regulation of the CMVM, of the change in ownership interests of its shareholders as follows:



At the Extraordinary General Meeting of August 6, 2014, an amendment to the articles of INAPA was approved - Investimentos, Participações e Gestão, SA, at the sequence of it, during the period in which the preferred shares confer the right to vote, the votes are not considered corresponding to shares held by a shareholder or shareholders with whom he is subject to a common domain, that exceed one-third of all the votes corresponding to the share capital.

The current shareholder structure is as follows:

Shareholder	June 30, 2014			August 6, 2014		
	Numbr of ordinary shares	% of ordinary shares	% Voting rights	Numbr of ordinary shares	% of ordinary shares	% Voting rights
Parpública – Participações Públicas (SGPS), SA	49.080.000	10,88%	10,88%	49.080.000	10,88%	8,26%
Share attributable to CGD	148.891.628	33,01%	33,01%	148.891.628	33,01%	25,07%
Parcaixa - SGPS, S.A.	148.888.866	33,01%	33,01%	148.888.866	33,01%	25,07%
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	1.262	0,0003%	0,0003%	1.262	0,0003%	0,0002%
Caixa - Banco de Investimento, S.A.	1.500	0,0003%	0,0003%	1.500	0,0003%	0,0003%
Share attributable to MillenniumBCP	148.545.504	32,94%	32,94%	148.545.504	32,94%	32,94%
Fundo de Pensões do Grupo Banco Comercial Português	62.302.725	13,81%	13,81%	62.302.725	13,81%	13,81%
Banco Comercial Português	86.242.779	19,12%	19,12%	86.242.779	19,12%	19,12%
Nova Expressão SGPS, SA	9.300.000	2,06%	2,06%	9.300.000	2,06%	2,06%
Banco Espírito Santo, S.A.	27.556.665	6,11%	6,11%	27.556.665	6,11%	6,11%

15. LOANS

As at 30 June 2014 and 31 December 2013, Loans balance were broken as follows:

	30 June 2014	31 December 2013
Current debt		
° Bank loans		
° Bank loans and other current financial instruments	126 480	131 996
° Commercial paper, redeemable at its nominal value, renewable, with maturity within one year	40 613	41 537
° Medium and long-term financial instruments (portion maturity within 1 year)	25 432	27 167
° Other current financial loans	7 682	5 742
° Financial leases	1 218	1 156
Total current debt	201 425	207 599
Non- current debt		
° Bank loans		
° Medium and long-term financial instruments	70 062	74 739
° Other loans	32 304	30 250
° Financial leases	5 981	6 448
	108 347	111 436
° Financing associated to financial assets - securitisation	40 035	47 002
Total non-current debt	148 382	158 438
Total debt	349 807	366 037



As at 30 June 2014 the bank loans conditions are similar to the ones of 31 December 2013.

As at 30 June 2014 and 31 December 2013, the net balance of consolidated financial debt is broken down as follows:

	<u>30 June 2014</u>	<u>31 December 2014</u>
Loans		
Current	200.207	206.443
Non-current	<u>102.366</u>	<u>104.989</u>
	302.573	311.432
Loans associated to financial assets - securitization	40.035	47.002
Financial leases debt	<u>7.199</u>	<u>7.603</u>
	<u>349.807</u>	<u>366.037</u>
Cash and cash-equivalents	17.671	24.835
Negotiable financial assets (listed securities)	-	-
Available-for-sale financial assets (listed securities)	<u>-</u>	<u>-</u>
	<u>17.671</u>	<u>24.835</u>
	<u>332.136</u>	<u>341.202</u>

16. SUPPLIERS AND OTHER CURRENT AND NON CURRENT LIABILITIES

As at 30 June 2014 and 31 December 2013, the balances of Suppliers and of Other current liabilities were broken down as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Other non current liabilities		
Other creditors	4.265	6.032
	<u>4.265</u>	<u>6.032</u>
Suppliers		
Suppliers on current account	59.553	47.034
Trade bills account	1.681	180
Invoices pending reconciliation	4.313	3.378
	<u>65.547</u>	<u>50.592</u>
Other current liabilities		
Advances from clients	833	1.336
Other creditors	11.150	9.422
Accruals and deferred items	8.610	8.057
	<u>20.593</u>	<u>18.815</u>



17. INCOME TAX

The amount of taxes in the Interim Consolidated Income Statement for the six months to 30 June 2014, amounting to a total of 755 thousand Euros, equates to the liability for current income tax for the half-year period in the amount of 964 thousand Euros, plus the balance of changes in deferred tax, amounting to 209 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 2014, is detailed in the following table:

	<u>30 June 2014</u>
Net income before tax	2.292
Nominal company tax rate	30%
	<u>-688</u>
Income tax	<u>-755</u>
	<u>67</u>
Permanent differences- Germany	52
Permanent differences- Portugal	-564
Permanent differences- France	67
Tributable dividends	516
Other	<u>-4</u>
	<u>67</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 2014 and 31 December 2013.

The following table reports changes in deferred tax assets and liabilities during the six months to 30 June 2014 and the financial year ended 31 December 2013:



	01-01-2014	Changes in consolidation perimeter	Fair value reserves and other reserves	Net profit for the period	30-06-2014
Deferred tax assets					
Taxable provisions	88	-	-	-	88
Reportable tax losses	18.614	-	-	185	18.799
Others	3.646	-8	-	93	3.731
	<u>22.347</u>	<u>-</u>	<u>-</u>	<u>279</u>	<u>22.618</u>
Deferred tax liabilities					
Fixed assets revaluation	-8.172	6	-	-70	-8.236
Depreciation	-14.622	-	-	5	-14.617
Others	-1.059	-	-	-5	-1.064
	<u>-23.853</u>	<u>-</u>	<u>-</u>	<u>-70</u>	<u>-23.917</u>
Net deferred tax	<u>-1.507</u>	<u>-</u>	<u>-</u>	<u>209</u>	<u>-1.299</u>

	01-01-2013	Changes in consolidation perimeter	Fair value reserves and other reserves	Net profit for the period	31-12-2013
Deferred tax assets					
Taxable provisions	88	-	-	-	88
Reportable tax losses	17.432	-	-	1.182	18.614
Others	3.264	336	-	46	3.646
	<u>20.784</u>	<u>336</u>	<u>-</u>	<u>1.228</u>	<u>22.347</u>
Deferred tax liabilities					
Fixed assets revaluation	-8.272	-257	-	357	-8.172
Depreciation	-13.554	-	-	-1.068	-14.622
Others	-1.118	-	-	59	-1.061
	<u>-22.945</u>	<u>-257</u>	<u>-</u>	<u>-653</u>	<u>-23.854</u>
Net deferred tax	<u>-2.161</u>	<u>79</u>	<u>-</u>	<u>576</u>	<u>-1.507</u>

Deferred tax assets are recognised for tax losses insofar as the use of their respective fiscal benefits is likely due to expected future taxable profits. The Group recognised a balance of 18,799 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	8.215	ilimited
Inapa Distribución Ibérica	7.605	2022-2032
Inapa Suisse	733	2021
Inapa Belgique	1.964	ilimited
Outros	282	
	<u>18.799</u>	



18. RELATED PARTIES TRANSACTIONS

The balances on June 30, 2014 and 2013 with entities related to the Group are as follows:

	2014						
	Trade Receivables	Bank deposits	Other current assets	Bank loans	Fixed assets supplier	Suppliers	Other current liabilities
PMF	-	-	2.903	-	-	-	-
Surpapel SL	68	-	-	-	-	-	1
Medialivros	-	-	88	-	-	-	-
BES	-	774	-	43.335	-	-	-
CGD	-	288	-	11.157	-	-	-
BCP	-	188	-	110.930	3.489	-	-
	<u>68</u>	<u>1.250</u>	<u>2.991</u>	<u>165.422</u>	<u>3.489</u>	<u>-</u>	<u>1</u>

	2013						
	Trade Receivables	Bank deposits	Other current assets	Bank loans	Fixed assets supplier	Suppliers	Other current liabilities
PMF	-	-	3.575	-	-	-	-
Surpapel SL	48	-	-	-	-	-	1
Medialivros	-	-	88	-	-	-	-
BES	-	350	-	38.466	-	-	-
CGD	-	45	-	16.600	-	-	-
BCP	6	226	-	109.058	5.607	-	-
	<u>54</u>	<u>621</u>	<u>3.663</u>	<u>164.124</u>	<u>5.607</u>	<u>-</u>	<u>1</u>

The transactions during the years 2014 and 2013 with entities related to the Group are as follows:

	2014			
	Sales and service rendered	Other income	Other costs	Financial costs
PMF	-	116	-	-
Surpapel SL	100	-	1	-
Medialivros	-	-	-	-
BES	-	-	-	1.011
CGD	-	-	-	675
BCP	2	-	-	2.283
	<u>102</u>	<u>116</u>	<u>1</u>	<u>3.969</u>



	2013			
	<u>Sales and service rendered</u>	<u>Other income</u>	<u>Other costs</u>	<u>Financial costs</u>
PMF	-	130	-	-
Surpapel SL	60	-	2	-
Medialivros	-	-	-	-
BES	-	-	-	1.043
CGD	-	-	-	622
BCP	2	-	-	1.219
	<u>62</u>	<u>130</u>	<u>2</u>	<u>2.884</u>

The related parties considered relevant for the purposes of the financial statements were the subsidiaries mention on Note 9, the associated companies given in Note 10, the shareholders given in Note 14 and the Governing Bodies.

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

As mentioned in Note 14, the Extraordinary General Meeting of August 6, 2014, an amendment to the articles of INAPA - Investimentos, Participações e Gestão, S.A. an amendment to the articles of INAPA was approved - Investimentos, Participações e Gestão, SA, at the sequence of it, during the period in which the preferred shares confer the right to vote, the votes are not considered corresponding to shares held by a shareholder or shareholders



with whom he is subject to a common domain, that exceed one-third of all the votes corresponding to the share capital.

The current shareholder structure is as follows:

Shareolder	June 30, 2014			August 6, 2014		
	Numbr of ordinary shares	% of ordinary shares	% Voting rights	Numbr of ordinary shares	% of ordinary shares	% Voting rights
Parpública – Participações Públicas (SGPS), SA	49.080.000	10,88%	10,88%	49.080.000	10,88%	8,26%
Share attributable to CGD	148.891.628	33,01%	33,01%	148.891.628	33,01%	25,07%
Parcaixa - SGPS, S.A.	148.888.866	33,01%	33,01%	148.888.866	33,01%	25,07%
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	1.262	0,0003%	0,0003%	1.262	0,0003%	0,0002%
Caixa - Banco de Investimento, S.A.	1.500	0,0003%	0,0003%	1.500	0,0003%	0,0003%
Share attributable to MillenniumBCP	148.545.504	32,94%	32,94%	148.545.504	32,94%	32,94%
Fundo de Pensões do Grupo Banco Comercial Português	62.302.725	13,81%	13,81%	62.302.725	13,81%	13,81%
Banco Comercial Português	86.242.779	19,12%	19,12%	86.242.779	19,12%	19,12%
Nova Expressão SGPS, SA	9.300.000	2,06%	2,06%	9.300.000	2,06%	2,06%
Banco Espírito Santo, S.A.	27.556.665	6,11%	6,11%	27.556.665	6,11%	6,11%

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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	Ordinary shares	Preferred shares	Voting rights
Álvaro João Pinto Correia	0	0	0%
José Manuel Félix Morgado	535 117	0	0.12%
António José Gomes da Silva Albuquerque	0	0	0%
Jorge Manuel Viana de Azevedo Pinto Bravo	0	0	0%
Arndt Klippgen	0	0	0%
Emídio de Jesus Maria	0	0	0%
João Miguel Pacheco Sales Luís	0	0	0%
Gonçalo de Faria Carvalho	0	0	0%

Chartered Accountant

Name	Ordinary shares	Preferred shares	Voting rights
PricewaterhouseCoopers & Associados, SROC, Lda, represented by: - José Pereira Alves – effective ROC	0	0	0%
José Manuel Henriques Bernardo, suplent ROC	0	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 2014, the director José Manuel Félix Morgado has sold, between June 25 and August 19, 28,514 ordinary shares.



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 2014 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, 28 August 2014

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

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

Arndt Klippgen

Director of the Board of Directors



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, 2014 of Inapa – Investimentos, Participações e Gestão, SA included in the Directors' Report, consolidated balance sheet (which shows total assets of Euro 676,795 thousand and total shareholders' equity of Euro 194,851 thousand, including non-controlling interests of Euro 1,112 thousand and a net profit of Euro 1,534 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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