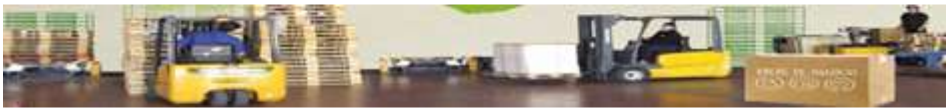
RESULTS

inapa

2016



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1. MESSAGE FROM THE CEO

During 2016, Inapa has made a significant progress in the implementation of its strategic plan for the 2016-2018 triennium.

Inapa solidified its position as one of the most prominent players in the paper distribution sector in Europe by leading the industry consolidation with the acquisition of Papyrus operations in France and the sale to the Papyrus Group of its operation in Switzerland. Inapa has thus achieved a leading position in the important French market, which will allow to improve the efficiency of operations and to extend the offer of products and services. At the same time, it has disinvested in Switzerland where its market share made it difficult to achieve the necessary level of profitability of operations.

In the strategic axis of diversification and growth, the highlight was the acquisition of Embaltec, which will allow Inapa to reach 40 million euros of turnover in the packaging business in France, reinforcing the geographical presence in the northern region and allowing strong synergies with the existing packaging operations in this country.

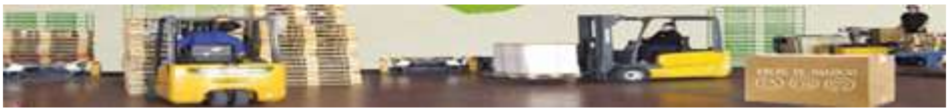
In 2016, Inapa has also made a strong progress in terms of financial sustainability, with a net debt reduction of 20 million euros and an extension of its maturity. At the end of the year, only 28% of the debt was short-term, an improvement of 8 percentage points over 2015.

The paper market fell more than forecasted, a decline of about 6% in the markets where Inapa is present. Inapa's commercial performance was slightly better than the market, with a marginal market share gain in its most important markets. However, the fall in the market induced more pressure on prices and margins. In this context, we continued with strict operational cost management that partially offset the combined effect of the loss of market volume and the pressure on margins.

In order to counteract the decline in volume, Inapa has entered in new markets where it can ensure a high level of customer services without having to investment heavily in assets. Clear examples are the coverage of the Austrian and Dutch paper markets, taking advantage of the Group's infrastructure and logistics in Germany. Over the next years, we will be attentive to opportunities to amplify our Group’s presence, geographically, or expanding the products and services portfolio to new markets.

We sought operational efficiency at all levels, having managed to reduce working capital by 11 million euros, a very significant step towards achieving a net debt reduction of 20 million euros.

Inapa has a motivated and enthusiastic professional team, now reinforced with Papyrus France and Embaltec’s teams, which will certainly add great value to our business.



I would like to thank every one of our employees, customers, suppliers, financial institutions and shareholders who contributed to this growth and strengthening of Inapa.

Diogo Rezende, *CEO*

2. HIGHLIGHTS

In a year marked by the purchase of Papyrus France,

Inapa closes the year with positive results before taxes

In a year marked by the acquisition of Papyrus France (annual turnover of € 142 million), Inapa ended 2016 with a pre-tax profit of 0.5 million euros.

In the last quarter of the year Inapa made important progress in implementing the strategic plan for the 2016-2018 triennium, with the aim of making Inapa more efficient, profitable and sustainable. The strategic plan that the Group has been implementing is based on three key axes: optimization of the paper business, diversification and growth of complementary businesses and financial sustainability.

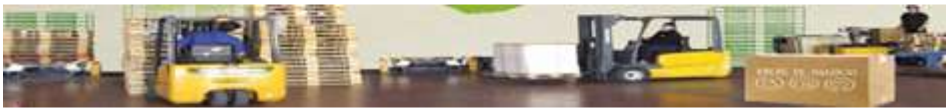
In relation to the optimization of the paper distribution business, Inapa solidified its position as one of the most prominent players in the sector in Europe by leading the consolidation movement with the acquisition in December of the French operation of Papyrus (turnover € 142 million) and the sale to the Papyrus Group of its operation in Switzerland (turnover of € 46 million).

"This was undoubtedly a strategic decision of enormous impact for the Group. We left the Swiss market, where our market share did not allow us to reach the required level of profitability, and we strengthened our leading position in one of the largest European markets, France, improving the efficiency scale of our operations. It should be noted that we were able to do this transaction without resorting to additional debt, which also had a very positive impact on our financial structure, "explains Inapa Group CEO Diogo Rezende.

Throughout the year, the Group was able to expand to new markets, maintaining its physical presence in 7 countries and extending its commercial operations to new geographies, as was the case of Austria and Netherlands, taking advantage of the existing infrastructure in Germany.

In terms of diversification and growth of complementary businesses, Inapa made a significant progress with the acquisition of Embaltec in France. "We believe that this operation will enable us to achieve 40 million euros of sales in the packaging business in France, reinforcing our geographical presence in the northern region and enabling strong synergies with the packaging operations that Inapa already has in that country," says Diogo Rezende.

In 2016, Inapa also made an important progress in the financial sustainability, with a reduction of 20 million euros of the net debt. Simultaneously it was also achieved an increase in the debt maturity, with only 28% of the debt maturing in the short term, an improvement of 8 percentage points compared to 2015.



MAIN ACTIVITY FIGURES					
MILLION EUROS	**2016**	**2015**	**2014**	**2013**	**Var. 16/15**
Tonnes ('000)	771	809	837	798	-4,7%
Sales	849,8	881,3	909,5	888,7	-3,6%
Gross margin	151,5	159,3	165,9	164,0	-4,9%
Gross margin (%)	*17,8%*	*18,1%*	*18,2%*	*18,5%*	*-0,3 pp*
Operational costs	127,5	133,4	137,6	136,4	-4,4%
Provision for current assets	2,0	2,7	3,8	4,2	-26,8%
Re-EBITDA	22,0	23,2	24,5	23,4	-5,3%
Re-EBITDA (%)	*2,6%*	*2,6%*	*2,7%*	*2,6%*	*0,0 pp*
EBIT	14,8	17,0	18,3	17,1	-13,4%
EBIT (%)	*1,7%*	*1,9%*	*2,0%*	*1,9%*	*-0,20 pp*
Net financial costs	14,2	15,3	15,9	14,9	-7,0%
EBT	0,5	1,7	2,5	1,9	-69,2%
Income tax	-2,8	-2,2	-0,5	-0,6	27,0%
Net income	-2,2	-0,4	2,1	1,3	453,3%
ROCE (%)	*10,7%*	*10,4%*	*10,4%*	*9,2%*	*0,3 pp*

	31/12/16	**31/12/15**	**31/12/14**	**31/12/13**	
Net debt [1]	290,7	310,9	316,7	341,2	-6,5%
Interest coverage	1,5 x	1,5 x	1,5 x	1,6 x	0,0 x
Working capital	126,6	137,9	147,3	159,2	-8,2%

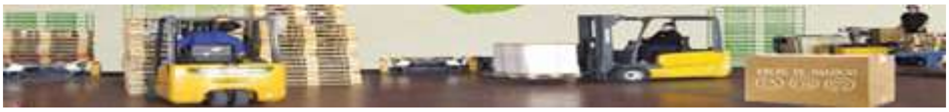
[1] Includes securitization

3. RELEVANT FACTS

3/18/2016	2015 results announcement
3/22/2016	Notice for General Meeting
3/31/2016	Curricula of Statutory Bodies members
4/6/2016	Remuneration policy proposal
4/15/2016	Ordinary General Meeting
5/19/2016	1st quarter 2016 results announcement
9/19/2016	Non-binding agreement to acquire the Papyrus operation in France
9/23/2016	1st half 2016 results announcement
11/29/2016	Embaltec acquisition
12/20/2016	Execution of Papyrus France acquisition and sale of Inapa Switzerland

Subsequent events

Until the date of publication, no subsequent events were registered.



4. MANAGEMENT REPORT

4.1. Economical Context

Macroeconomic Context

In the last quarter of 2016, the global economy grew 2.7% compared to the same period of 2015, which represented the quarter of 2016 with the highest growth compared to the previous year. A number of contributions were made as a result of good performance of the major world economies: a significant resumption of Japan's economy supported by a greater competitiveness of its exports, good labour market performance in the US that favoured consumption, a reacceleration of the Chinese economy and some increase in the price of raw materials favoured some emerging economies. Despite this improvement, in the last quarter, the world economy only grew 2.6% in 2016 compared to 3% in 2015. For 2017, it is estimated that the positive signs observed in the last quarter of 2016 can be maintained and that the growth of the global economy in 2017 may reach 3%, albeit at a still moderate rate. The revival of protectionist policies may put at risk the good prospects that were being achieved.

In the euro zone, economic growth was moderate, only 1.7% more than in 2015, but with a positive performance in the last two quarters of the year, with a growth of 1.8% over the same period of the previous year. For 2017, according to the EU Commission's winter forecast, euro zone will grow 1.5% and 1.6% in 2018.

The German economy also ended the year with positive signs, with a growth of 1.9% relatively to 2015. This growth was supported by a further increase in private consumption, thanks to the good performance of the labour market, and an increase in consumption and public investment. The growth of private investment was mainly due to real estate. The available data, however, point to a growth of only 1.6% in 2017.

In France there was a slight deceleration of growth in 2016 to 1.2% (1.3% in 2015). This was mainly due to the slowdown in export growth (to only 1%), while the import growth remained above 3.5%. Exports are expected to grow at a more significant rate (above 3%) in 2017 and economy is expected to grow 1.4%.

In 2016, the Spanish economy grew for the third consecutive year, reaching 3.2% in relation to 2015. With the unemployment rate declining for the fourth consecutive year, GDP will have reached the pre-crisis level in 2016. This growth was supported by continued growth in domestic demand (+ 2.7%) and growth in exports of goods and services (+ 4.3%) at a higher rate than the growth of imports. Investment, although at a lower rate than in 2015, also grew (3.7%). For 2017, the Spanish economy is expected to grow 2.3%, still above the European average.

Portugal had a good performance of its economy in 2016, especially in the second half of the year, thanks to tourism whose revenues increased by 10.7%. Investment contributed negatively to GDP growth, which stood at only 1.3%. The unemployment rate fell again, favouring domestic consumption.

Exports grew only 3.9% (6.1% in 2015) and imports also grew 3.9%, compared to 8.2% a year earlier. For 2017 it is estimated a growth of 1.6%.

Belgium grew 1.2% in 2016 and is expected to grow 1.4% in 2017. Luxembourg maintained a good growth rate in its economy in 2016 (3.8%) and is expected to accelerate to 4% % in 2017.

Outside the euro zone, the Swiss economy, after successive quarters with positive growth, almost stagnated in the third quarter of 2016 but recovered in the last quarter recovering a reasonable growth rate of 1.5% in 2016. In 2017, growth may reach 1.8%.

During 2016, the Turkish economy showed some weakness, especially in the third quarter, when, for the first time in 7 years, there was a contraction. In this context, where some uncertainties remain, some positive indicators, such as confidence in the business and the potential for growth in exports, suggest that the growth of the Turkish economy will be 2.8% in 2017.

	2014	2015	2016P	2017E	2018E	2014 - 2016P	2016P - 2018E
Germany	1,6	1,7	1,9	1,6	1,8		
France	0,6	1,3	1,2	1,4	1,7		
Spain	1,4	3,2	3,2	2,3	2,1		
Portugal	0,9	1,6	1,3	1,6	1,5		
Belgium	1,7	1,5	1,2	1,4	1,6		
Luxembourg	4,7	3,5	3,8	4,0	3,9		
Eurozone	**0,8**	**1,8**	**1,7**	**1,5**	**1,6**		
Switzerland	1,9	0,9	1,5	1,8	1,9		
Turkey	3,0	4,0	2,2	2,8	3,2		

European Commission, SECO, OECD

In the period between 2014 and 2016, the group of economies where the Inapa Group operates had a positive evolution. For 2017 and 2018, it is estimated that most of the countries where Inapa operates maintain a positive growth, higher than the registered in 2016, except in Germany and Spain (but with growth above the European average).

Sector Framing

The year of 2016 registered once again a decline in paper consumption compared to the previous year. Based on Eurograph (European Association of Graphic Paper Producers) statistics, Western Europe recorded a 6% fall in the paper consumption for graphic arts, writing and printing. There was a reduction of 7% in coated woodfree papers, and 5% in uncoated woodfree papers compared to 2015.

In all of the main markets where Inapa Group is present (Germany, France, Switzerland, Spain and Portugal), according to Eurograph's statistics, paper sales volumes fell around 6%, with all countries reporting falls in 2015. Per country, preliminary data point to a drop of 5% in Germany, 7% in France and 5% in the Swiss market. In Iberia, Spain and Portugal fell 6% and 3% respectively. These data constitute the aggregates of coated and uncoated paper stocks - which account for 80-85% of the marketed papers - and do not include the remaining subfamilies which include specialties, paperboard, self-adhesive, among others.

In relation to BeLux (Belgium and Luxembourg), where Inapa is mainly represented in the office paper segment, the market fell 5% in this segment. In all (aggregate of coated and uncoated paper volumes) the decrease was 7%.

Analysing consumption by product type, in Inapa main markets, coated papers showed a reduction of 7% and in uncoated papers the decrease was lower, standing at 4%, with a 6% decrease in office paper.

Regarding paper production, the overcapacity situation in the coated paper segment, estimated to be around 1 million tonnes by the end of 2016, has led to a tendency to convert paper mills into factories of products with more attractive growth rates or, even, to their closure.

In distribution, this overcapacity is being approached from a strategic point of view through consolidation movements, in which the acquisition of Papyrus in France by Inapa and the sale of its operation in Switzerland to Papyrus is presented as the most significant example.

Overall, considering the paper and board market, preliminary statistics from CEPI (Confederation of European Paper Industries) show that while production fell slightly by 0.1%, the apparent consumption of paper and board in CEPI countries rose around 1%. This increase in consumption was evident in the board segments, which compensated the decrease observed in the paper segments.

4.2. Consolidated Performance

In 2016 consolidated sales of Inapa Group reached 849.8 million euros, a decrease of 3.6% compared to the same period of 2015. This progression is mainly due to the evolution of paper business sales, which showed a decrease of 4.1% (an evolution less penalizing than the markets where Inapa operates), partially compensated by the growth in the packaging and visual communication businesses.

Graphic, printing and writing papers consumption has declined in recent years, mainly due to the structural effects associated with the digital media era, particularly in mature markets, where Inapa has a higher presence, and the uncertainty of a consolidated economic recovery. We are therefore in an extremely competitive market with consequent pressure on prices and margins. During the period under review, Inapa was able to maintain a balance between the customers and producers' needs, always in defence of the sustainability of its operating structure, following the principle of protection of the global gross margin. The average selling price of paper remained in line with 2015, but due to the increase in the average purchase price and despite the growing focus on improving paper sales mix and the increase in complementary businesses, the average gross margin decreased 0.3 percentage points and now stands at 17.8%. In the latter part of the year, we saw a recovery in the gross margin to levels of previous years.

During 2016, operational costs decreased by 5.9 million euros (-4%) compared to 2015. This decrease was motivated by greater efficiency in the logistics and distribution network and also by improving productivity and optimizing resources.

The sales ratio of provisions decreased by 0.1 percentage points to 0.2%, a decrease of 0.7 million euros compared to the same period of the previous year. This was due to the maintenance of a strict commercial performance in relation to the risk of the customer portfolio and an articulated management with the Group's credit insurer, whose program currently covers the whole universe of Group companies with the exception of Belgium and Luxembourg.

As a result of the decrease in sales and margin pressure, whose impacts were partially reversed by the decrease in operating costs and provisions, recurring EBITDA amounted to 22.0 million euros, representing 2.6% of sales, in line with previous year.

Dealing in a challenging market, especially regarding the paper business evolution, Inapa achieved in 2016 three important milestones that are part of the objectives outlined in the 2020 Agenda strategic plan: (i) by the end of 2016, the company acquired Papyrus France, taking a leading position in the French market, and selling the Swiss subsidiary, divesting of an operation that had been generating losses in recent years due to scale problems; (ii) reinforcement of the new business areas with the acquisition of Embaltec, a French packaging company; (iii) increased productivity and operational efficiency, particularly in the logistics and commercial areas.

In this context, restructuring was carried out, with greater impact in Germany and France, in order to make operations more flexible, with non-recurring charges of EUR 1.5 million.

Operational results (EBIT) were 14.8 million euros, down 2.2 million euros compared to 2015, standing at around 1.7% of sales (1.9% in 2015).

Net financial costs decreased by 7% (-1.1 million euros) to 14.2 million euros compared to the same period last year. This progression is due to reductions in spreads, as a result of renegotiations with some banks, as well as the reduction of reference rates and total indebtedness.

Consolidated results before taxes were 0.5 million euros, which compares with 1.7 million euros, a decrease of 1.2 million euros compared to 2015.

Net income of 2016 was negative by 2.2 million euros. Income tax amounted to 2.8 million euros, of which approximately 1.8 million euros relates to current taxes and 1.0 million euros relates to deferred taxes concerning the recognition of tax loss carry forwards of our subsidiary in Switzerland.

Working capital decreased 11.3 million euros (-8%) to 126.6 million euros, compared to 2015.

Consolidated net debt on 31 December 2016 was 290.7 million euros, a decrease of 20.2 million euros over the previous year, due to the strict management of the working capital and the application of the net operating and investing cash flow. At the same time, negotiations were concluded with some of the Group's main financing banks in order to obtain agreements for the renewal and rescheduling of repayment plans, with the weight of non-current debt now accounting for 72% of total gross debt, an increase of 8 percentage points compared to last year corresponding period.

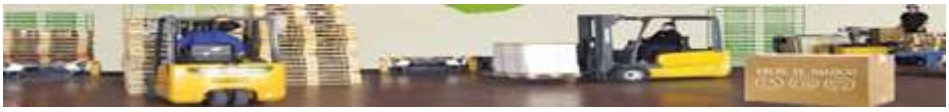
4.3. Performance of the Group's business area

Recent years have been challenging for the paper industry globally and especially for those operating in Western markets where paper consumption has been steadily declining. In response to structural changes in consumer habits, with a stronger impact on Western markets, the industry has been innovating, notably with the use of digital printing machines that increasingly respond flexibly and effectively to customer needs. So, we managed, on one hand to respond to the increasing demand for e-commerce sites, which increasingly offer a diversified range of products with smaller sales, and on the other hand to create a dinamic support for the production of advertising, catalogs, magazines or other.

In the paper business, the paper distribution sector for graphic arts, writing and printing continues to be penalized either by replacing paper support with digital media and other practices such as e-media and e-invoicing or by the entry of some supliers with direct sales to customers. At the same time, the packaging business has maintained the positive growth trend that has been registered in recent years, supported by the increasing importance of boxes and boards to transports connected to e-commerce, and the visual communication business continues to present a rhythm of product innovation and applications that sustain the growth of activity.

The strategic plan outlined by Inapa sets as strategic business goals the sustained growth based on the creation of value, through the sale of higher added value products and the development of the packaging and visual communication businesses. In the paper area the development will be done looking for positions of leadership in the European markets, in volumes and efficiency.

As a result of the execution of this plan, the acquisition of Papyrus France was completed in December 2016, which will increase the efficiency of the paper business in France and the sale of Inapa Switzerland, both operations with no operational impact on the accounts of the period under analysis. Total sales of the complementary packaging, visual communication and office supplies businesses continued to make a very positive contribution, boosted by the acquisition of Embaltec (France) in November and by higher cross selling dynamics.



PAPER

In 2016 Inapa Group paper companies accounted for 752.9 million euros of sales, -4.1% compared to the same period of 2015.

The paper distribution market was under strong competitive pressure throughout the year, with a generally higher decrease than most agents' forecasts, and the evolution of paper consumption seems to be, for the first time, rather disconnected from some recovery growth of the economy. Other events such as the strikes and floods in France or the instability caused by the terrorist attacks and the attempted coup in Turkey have also contributed to an additional disruption of the markets normal functioning. In spite of this, Inapa managed to respond proactively with a better performance than the markets where it operates, having marginally increased its market share, with emphasis on some geographies such as Germany and France.

Cross-selling maintained a very positive evolution in 2016, with paper sales teams increasing their penetration in customers by selling packaging materials, visual communication and graphic and office supplies, which partially counterbalanced the decrease on paper.

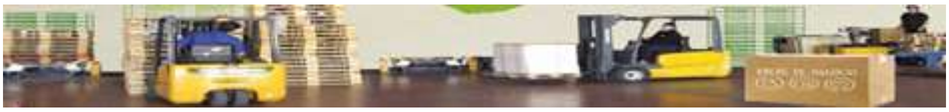
In 2016, generally, average sales prices remained in line with the same period of 2015, although their evolution over the year had progressed differently. The start of the year was strongly impacted by the attempt of price increase by suppliers, reversed in the second quarter. However, competitive pressures by some merchants seeking to increase their presence in the market, complemented by the change in the business model of one of the suppliers with direct sales to large customers, led to an adjustment, lowering the average sales price.

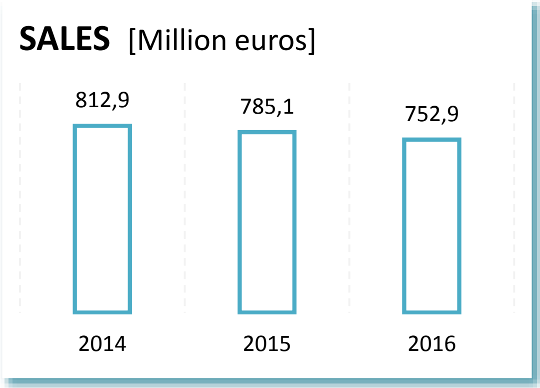
In response to strong margin pressure, the Group sought to answer with a change in its approach to the market by reorganizing its business model to accelerate and improve the response chain by adapting it to the customer’s needs, which together with the constant search for sales mix improvement, allowed to reach a gross margin in the paper business only a few decimal percentage points below the same period in 2015.

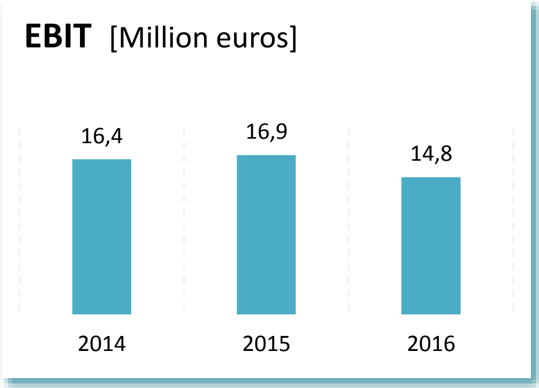
Operational costs showed a significant reduction compared to the same period of 2015, reflecting the strict management of operations, adjusting them to lower demand levels. We must emphasize the efficiency improvement in terms of: i) reduction of logistics and distribution costs, due to the reorganization and optimization carried out in the warehouse and transport network; ii) reduction of personnel costs, essentially inherent to the changes made in the logistics and commercial areas, despite some non-recurring costs related with restructuring; iii) customer’s provision reduction.

Operational results (EBIT) of the paper business were 14.8 million euros, representing 2.0% of sales.

Overall, the paper business had a performance driven by the activity decrease, partially counterbalanced by the effort to improve the mix, by increasing market penetration through cross-selling, as well as a strong reduction in logistics and distribution costs and personnel costs.







PACKAGING

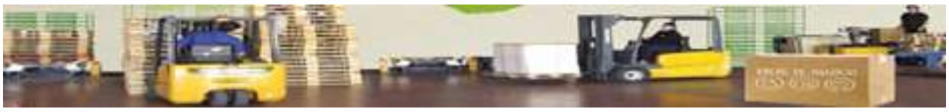
In 2016, business of the packaging companies of Inapa Group represented 66.7 million euros of sales, 2.6 million euros above the volume of 2015.

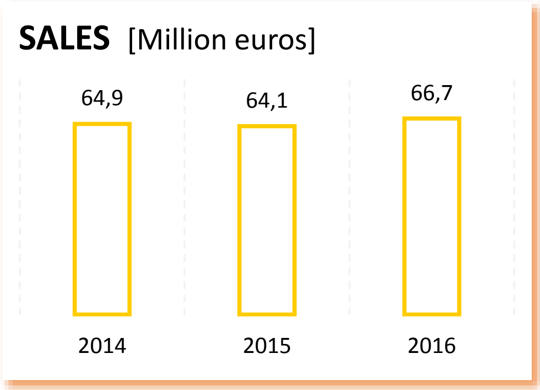
The total sales volume for the year was boosted by the acquisition of Embaltec (France) and by very positive sales growth in the wine, agri-food, chemical and cosmetics sectors, which compensated the already anticipated loss of two big customers who decided to internalize activities, which used to be bought to one of our companies.

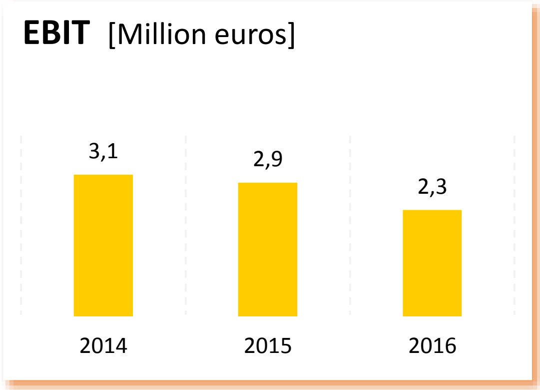
During 2016, Inapa maintained its strategy of developing sales focused on offering individualized packaging solutions, maximizing its potential in terms of know-how and capabilities acquired for the design of these solutions, thus creating a differentiating factor. It also continued to focus on greater penetration in medium-sized customers and in new segments such as food processing, automobile industry or electronics, oriented to the quality of its service and being proactive to the client needs.

With the acquisition of Embaltec in November, Inapa now covers almost all of the French territory, which, complemented with the web sales, enables to provide a service of excellence to a wider range of customers.

Operational results in packaging were 2.3 million euros, representing 3.4% of sales. Inapa continued with a consistent policy of margin protection, which, together with the strengthening of its commercial relations with the main suppliers and the optimization of the structure of resources related to the activity, allowed maintaining adequate levels of profitability, despite the loss of sales in one of the markets, as mentioned above.







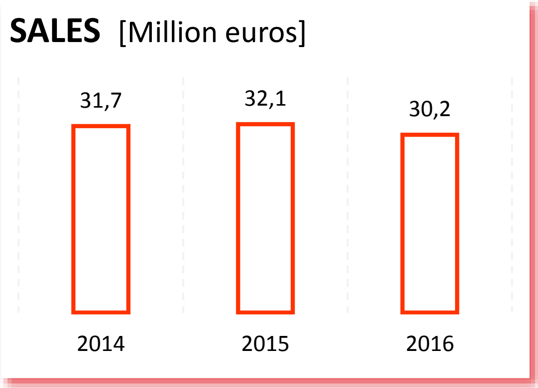
VISUAL COMMUNICATION

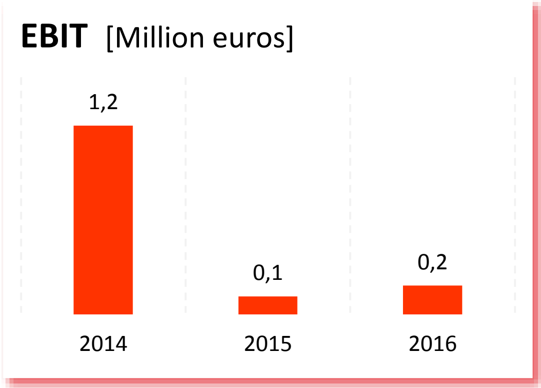
In 2016, Inapa Group's visual communications business represented 30.2 million euros of sales, 1.9 million euros below the volume of 2015. Notwithstanding, in all the Inapa Group including cross-selling by paper distribution companies, this sector continued to grow, maintaining its attractiveness.

2016 began with low demand levels, mainly in the hardware segment where many of the planned investment decisions were postponed in anticipation of the presentation of new technological developments during the DRUPA fair, which took place in May (most important fair in the world in printing technologies, held every four years). In the second half of the year, we saw a reversal of this trend with a significant increase in demand for large scale equipment and new media. In addition, our participation in the visual communication fair that took place in Frankfurt in November, with a significant turnout of our customers and new business opportunities, contributed to the increase in hardware and media sales.

Inapa continued to have a consistent policy of margin protection, which remained at the same level as in the same period of 2015. Additionally, it continued to implement measures to optimize its operational structure of logistics and commercial areas in order to ensure a more dynamic sales growth and a more efficient service.

The increase in the ratio of operational results to sales by +0.2 percentage points compared to the performance in 2015 confirmed the positive impact of the internal restructuring measures implemented since the end of 2015, with the aim of increasing the operational efficiency of visual communication companies , along with the effort to maintain the commercial margin. Operational results increased to 0.2 million euros.





4.4. Outlook for 2017

It is estimated that in 2017 the economic recovery in the Euro zone will continue to be moderate, subject to uncertainties caused by electoral processes occurring in some major economies such as Germany and France, the Brexit process and the possibility of implementing policies of isolation and protectionism in the United States, with the inevitable impacts on the global economy and the Eurozone. Some positive aspects are, however, to be emphasized, such as the improvement of bank financing conditions with the consequent stimulation of public and private consumption and investment, or the increase of inflation, driven, especially in the short term, by the inflection of oil prices verified since the second half of 2016.

In the paper market, it is estimated that the excess capacity installed in production may be maintained due to the fall on the demand side, essentially for the Coated Papers. The anti-dumping taxes for Woodfree Coated papers from China will be maintained during 2017 thus allowing a greater balance with the blockade on entry of Asian producers in Europe. The pressure that is still felt in the industry due to high raw material costs, coupled with an increase in domestic and export demand could lead to increases in sales prices, already announced in early 2017, for both, coated and uncoated papers.

In the paper distribution sector, there are still economic fundamentals for a greater rationalization of the activity, so it is likely that consolidation movements, in some markets, will continue.

Inapa will remain focused on a policy of margin protection through a solid pricing policy and product-mix management, along with a strict credit risk management. We will continue to implement the necessary operational actions to maintain the downward trend on operational costs that we have been consistently monitoring. During 2017, we will continue with the optimization of the logistics and distribution management model initiated in 2016, with the objective of achieving greater efficiency and profitability.

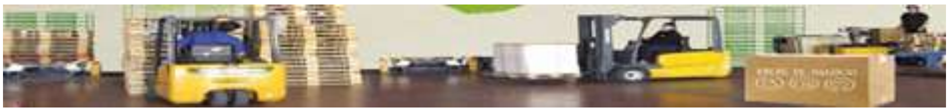
Regarding paper business, the purchase agreement of 100% of the share capital of Papyrus France Holding SAS, signed at the end of the year, will allow Inapa to increase the efficiency of this business area in France and calibrate the market presence for a better position in the efficiency scale. In global terms and through the investment made in France, it is possible to foresee a higher profitability of the

Group with an increase in sales volume, despite the maintenance of the pressure from digital alternatives. The scenario of pressure on prices and margins will remain, especially in the papers with higher volumes of sales.

In 2017, Inapa will improve its commercial presence in new markets where it can ensure a high level of service to customers, without the need to invest in physical presence.

Regarding the packaging and visual communication businesses, Inapa will remain focused on its organic growth through a greater penetration in the markets it operates and in the expansion to other markets along with the continuous development of cross-selling. The acquisition of Embaltec, carried out in 2016, will allow a better return on the packaging business in France through the synergies generated at the commercial, operational and logistic level, ensuring a relevant dimension in that market. Inapa will maintain its strategy of looking for investment opportunities that reveal prospects of growth, profitability and value creation, according to the standards that have been followed by the Group in recent years.

In terms of the balance sheet, the Group will continue to pursue the goal of reducing its debt ratio by maintaining the optimization of working capital management and cash flow generation resulting from the activity, having already fulfilled the objective outlined in the strategic plan Agenda 2020 of having two-thirds of the debt in medium and long term.

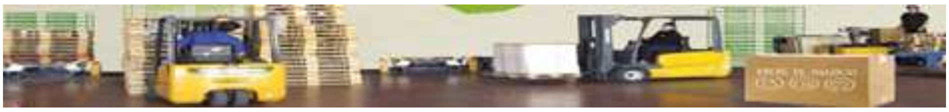


5. CONSOLIDATED ACCOUNTS

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2016 AND DECEMBER 31, 2015
(Amounts in thousands of Euros)

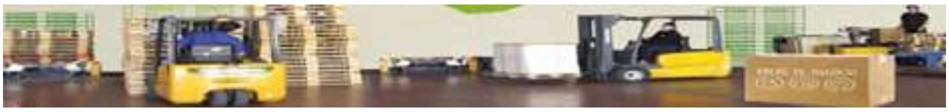
	DECEMBER 31, 2016	2ND , HALF 2016 *	DECEMBER 31, 2015	2ND , HALF 2015 *
Tones *	**771 193**	**383 209**	**809 497**	**405 431**
Sales and Services rendered	858 733	427 878	889 479	441 241
Other income	23 085	12 806	20 244	9 524
Total Income	**881 817**	**440 684**	**909 723**	**450 765**
Cost of Sales	-705 191	-351 373	-730 172	-363 343
Personnel Cost	-75 795	-38 499	-77 365	-38 720
Other costs	-80 463	-40 133	-80 092	-38 235
	20 368	**10 679**	**22 095**	**10 467**
Depreciations and amortizations	-5 606	-2 938	-5 095	-2 537
Gains / (Losses) in associates	8	-29	40	21
Net financial function	-14 240	-7 262	-15 317	-7 783
Net profit before income tax	**531**	**450**	**1 722**	**168**
Income tax	-2 834	-2 975	-2 231	-1 600
Net profit / (loss) for the period	**-2 303**	**-2 525**	**-509**	**-1 432**
Attibutable to:				
Shareholders of the company	-2 226	-2 496	-401	-1 359
Non controlling interests	-77	-29	-108	-74
Earnings per share on continuing operations				
Basic	(0,0051)	(0,0056)	(0,0011)	(0,0032)
Diluted	(0,0051)	(0,0056)	(0,0011)	(0,0032)



INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2016 AND DECEMBER 31, 2015
(Amounts in thousands of Euros)

	DECEMBER 31, 2016	DECEMBER 31, 2016 Restated
ASSETS		
Non-current assets		
Tangible fixed assets	77 600	84 298
Goodwill	188 602	188 013
Other intangible assets	118 712	115 641
Investments in associate companies	1 126	1 117
Available-for-sale financial assets	22	40
Other non-current assets	7 694	6 140
Deferred taxes assets	21 475	21 886
Total non-current assets	415 231	417 133
Current Assets		
Inventories	66 792	63 214
Trade receivables	139 155	127 928
Tax to be recovered	5 638	6 998
Other current assets	31 463	30 844
Cash and cash-equivalents	22 259	25 513
Available-for-sale financial assets	-	808
Total current assets	265 307	255 305
Total Assets	**680 538**	**672 438**
SHAREHOLDERS EQUITY		
Share capital	180 135	180 135
Reserves	450	450
Retained earnings	28 270	46 539
Net profit for the period	-19 306	-36 096
	-2 226	-402
Non controlling interests	187 323	190 625
	-120	26
Total shareholders equity	**187 202**	**190 651**
LIABILITIES		
Non current Liabilities		
Loans	181 629	172 230
Financing associated to financial assets	43 953	44 647
Deferred tax liabilties	48 715	47 502
Provisions	2 060	324
Employees bebefits	5 567	8 637
Other non-current liabilities	4 872	5 646
Total non-current liabilities	286 795	278 987
Current Liabilities		
Loans	87 381	119 529
Trade payables	79 394	53 259
Tax liabilities	12 139	11 222
Other current liabilities	27 624	18 789
Total current liabilities	206 538	202 800
Total shareholders capital and liabilities	**680 536**	**672 438**



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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