

**inapa**



# CONSOLIDATED RESULTS

June, 30<sup>th</sup> 2016



## Contents

1. Highlights.....	2
2. Relevant facts.....	4
3. Management report.....	5
3.1. Market analysis .....	5
3.2. Consolidated performance.....	7
3.3. Performance of the Group Business Areas .....	9
3.4. Future prospects .....	11
3.5. Stock Exchange performance.....	12
4. Interim Consolidated Accounts .....	13
5. Mandatory information.....	39
5.1. Shares Held by Governing Bodies .....	39
5.2. Managerial Transactions .....	39
5.3. Statement of conformity.....	40
5.4. Auditor report .....	41
6. Additional information.....	43



## 1. Highlights

Reinforcement of the financial equilibrium through a €11.2 million debt decrease compared to the same period of 2015

Strict costs and credit risk management allows a € 2.6 million (-3.9%) reduction of operating costs compared to the same period of 2015

Slight increase in market share does not prevent sales decline and narrowing of margins in a market contraction

### Generation of results

- Sales in volume decreased 4.0% compared to previous year, above market performance.
- Sales decrease 3.9% relatively to June 2015.
- Gross margin of 18.0%, -0.3 percentage points over the same period of last year.
- Operational costs before provisions reduced €1.9 M. Personnel and administrative expenses decreased €2.1 M.
- Recurrent EBITDA of €10.2 M, represented 2.4% of sales.
- Operational results (EBIT) of €7.1 M.
- Financial costs decreased € 0.5M (-7.4%).
- Positive Net income of € 0.3 M.

### Financial strength

- Net debt decreased €11.2 M compared with the 1<sup>st</sup> half of 2015 and €6.1 M relatively to year end.
- Working capital decreased €8.6 M compared with the 1<sup>st</sup> half of 2015, and increased €2.2 M compared with December 2015.



**Chart 1 \_Main Consolidated Indicators**

MILLION EUROS	1H16	1H15	Δ 16/15	2Q16	2Q15	Δ 16/15
Tons ('000)	388	404	-4,0%	191	196	-2,7%
Sales	426,8	444,1	-3,9%	211,0	217,8	-3,1%
Gross margin	76,8	81,4	-5,7%	38,2	39,7	-3,8%
Gross margin (%)	18,0%	18,3%	-0,3 pp	18,1%	18,2%	-0,1 pp
Operating costs <sup>1</sup>	65,6	67,5	-2,9%	32,9	34,0	-3,2%
Provisions	1,0	1,7	-42,8%	0,5	0,8	-32,4%
Re-EBITDA	10,2	12,2	-16,2%	4,8	4,9	-3,2%
Re-EBITDA (%)	2,4%	2,7%	-0,3 pp	2,3%	2,3%	0,0 pp
EBIT	7,1	9,0	-21,7%	3,1	3,2	-2,7%
Net financial costs	7,0	7,5	-7,4%	3,7	3,8	-2,2%
EBT	0,1	1,6	-1,5	-0,5	-0,5	-0,1
Net income	0,3	1,0	-0,7	-0,1	-0,6	0,5
	<b>30/06/16</b>	<b>30/6/15</b>	<b>Δ 16/15</b>	<b>31/12/15</b>	<b>Δ 6 months</b>	
Net Debt <sup>2</sup>	304,8	316,0	-3,6%	310,9	-2,0%	
Working Capital	140,1	148,7	-5,8%	137,9	1,6%	

<sup>(1)</sup> Net of income from services and other income and excludes provisions

<sup>(2)</sup> Includes securitization

#### GLOSSARY

Gross margin: Sales - Cost of sales

Re-EBITDA: Recurrent results before depreciations and amortizations, non recurrent costs, financial costs and taxes

Re-EBITDA (%): Re-EBITDA/Total sales

EBIT: EBITDA + Depreciations os tangible assets and amortizations of Intangible assets

Net Debt: Medium and long term loans + Short term loans + Fixed asset suppliers + Financing associated to financial assets - Cash and cash equivalents

Working capital: Customers + Inventories - Suppliers



## 2. Relevant facts

- 18/3/2016 2015 Results announcement
- 23/3/2016 2015 Annual Report publication
- 23/3/2016 Notice of Ordinary General Meeting
- 31/3/2016 List presented for the election of governing bodies and Remuneration Committee
- 06/4/2016 Statement on remunerations policy
- 15/4/2016 Ordinary General Meeting and election of governing bodies for the triennium 2016-2018
- 19/05/2016 1<sup>st</sup> quarter 2016 Results announcement

Until the date of publication, the following subsequent events were registered:

- 09/09/2016 Notice of the sentence filed by Parcaixa on 06-09-2015
- 19/09/2016 Non-binding agreement to acquire Papyrus France



### 3. Management report

#### 3.1. Market analysis

In the second quarter of 2016, the fragility of the world economy, whose growth did not exceed 2.4% (2.5% in the first quarter) was confirmed.

This deceleration is mainly due to the more moderate growth of the Chinese economy and the impact felt on global trade and industrial production, on raw material prices with correlated negative effects on the economies of the respective exporting countries.

In countries with more advanced economies the low prices of commodities have favored the creation of disinflation or, at least, very low inflation and low interest rates, which, have not had the desired effect in terms of investment. Exception made for the US economy, as it is admitted that the Federal Reserve may proceed to an increase of short-term rates, although GDP growth in the first half was below expectations.

In the Euro Zone, after a positive start to the year, growth fell to 0.3% (compared to the previous quarter) against 0.5% in the first quarter compared to the last quarter of 2015. The evolution of foreign trade was positive with a growth of 1.1% (in the first quarter growth was nil).

On an annual basis, growth was 1.6%, slightly lower than the annual growth verified at the end of the first quarter (1.7%).

Expectations for 2016 are a growth of 1.4% for the Euro Zone.

It is on this context that the German economy also reduced its growth to only 0.4% in the second quarter, while in the first quarter it had grown by 0.7% compared to the fourth quarter of 2015. This was due to the slowdown in investment and consumption (public and private) that, in conjunction with exports, remain the major factors driving the growth of German economy.

Growth expectation for 2016 is 1.7%, assuming that an internal dynamics are maintained to compensate a predictably weaker export performance.

In France economic activity stagnated during the second quarter mainly due to the sharp deceleration in domestic demand, caused by stagnation of private consumption and investment contraction.

Growth forecasts for 2016 remain at 1.5%, although it is assumed that they may not be achieved.



In Spain, despite the political uncertainty experienced over the last few months, the economy kept a growth pattern in the second quarter (+ 0.8% compared with the first quarter), in line with the growth rate it was maintaining.

This growth was supported by a sharp exports increase (mainly to non-EU countries) and the maintenance of high private consumption. 2016 growth expectations are 2.8% for 2016 and 2.1% for 2017, although the effects of referendum outcome in the United Kingdom are still unknown, especially in Spain for tourism, exports, improvement of the employment rate and maintenance of low interest rates.

In Portugal, economic activity grew 0.3% in the second quarter, over the first quarter, achieving an annual GDP growth of 0.9%.

In the second quarter there was a sharp deceleration in private consumption (practically stagnant compared to the first quarter) and a 0.7% increase in investment, which was very positive considering that in the first quarter the investment had contracted 0.7%.

Exports were the main growth factor of the second quarter with a contribution of 0.1 percentage points.

Growth forecasts for 2016 are 1.3% and 1.7% for 2017.

Belgian economy had a reasonable performance in the 2nd quarter, when compared to the 1st, as it registered a growth of 0.5% (only 0.2% in the first quarter).

United Kingdom is one of the largest economic partners of Belgium so there is some uncertainty about the future.

Growth expectations for the Belgian economy stand at 1.3% for 2016 and 2017.

In Switzerland, GDP grew by 0.6% in the second quarter, which represents a significant improvement over the first quarter growth, which did not exceed 0.4%. This improvement was due to higher public spending (as opposed to private that stagnated) and an acceleration of exports.

This quarter growth puts annual GDP growth at 2.0%.

Annual growth forecasts are 1.4% for 2016 and 1.8% for 2017.

In Turkey it is estimated that economic activity have slowed down in the 2nd quarter and GDP will grow by 3.3% in 2016. For 2017 growth may be slightly lower.



In a context of a global slow growth of the European economy, although with discrepancies between the different economies, paper market shows few signs of recovery. In production, on the follow up of an unsuccessful first quarter price increase, reductions were observed in the second quarter to accommodate declining demand. This recent price evolution is certainly also linked to the price reductions in pulp that took place at the end of the first quarter and more strongly in the beginning of the second quarter. The increase in imports, particularly from Asia, has also contributed to an increased pressure on Europe production. Regarding distribution, we continue to assist to the adjustment of the Merchants business model adapting it to market developments. We have on the demand side a constant record of lower consumption and on the supply side a capacity rationalization through the optimization of structures.

The economic context described above continues to adversely affect recent trends in the paper demand in Europe, whose indicators show a downward progression in the period. Thus, with regard to the evolution of paper for graphic, writing and printing, industry statistics show that Coated woodfree and Uncoated woodfree papers in Europe have recorded a decline of about 5% compared to the same period of last year.

Also according to these statistics, paper volumes sold in the five most important Inapa European markets (Germany, France, Switzerland, Spain and Portugal) will have decreased by 4.3%. It is noteworthy that the two main markets of Inapa Group, Germany and France, recorded decreases of around 3% and 6%. These data are aggregated volumes of coated and uncoated - totaling between 80 and 85% of marketed paper - not including the other subfamilies, namely specialties such as, cardboard and self-adhesive, among others.

### 3.2. Consolidated performance

In the aforementioned economic and geopolitical context, and in spite of the distinct evolutions of the different geographies, globally the paper demand has maintained a regressive progression with respect to the same period of last year. In this framework, Inapa sales volume decreased 4.0% over the same period of 2015, but presented a better performance than the market in most of the geographies where it operates, thus confirming a solid presence with the increase of its market share. In value, sales fell by 3.9% to 426.8 million euros.

Overall complementary business (including cross-selling) had a distinct progression, with the total sales volume of the packaging area standing at 34 million euros, about 4 million euros below last year, but in line with expectations for this period, and the area of visual communication maintaining its activity levels in the 20 million euros. It is noteworthy the increase of sales in graphic and office consumables to 5.8 million euros, + 7.1% compared to the first half of 2015. The sales weight of these businesses at the end of the first half corresponds to about 14% of total sales.





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

MILLION EUROS	Jun 16			Jun 15	
	Sales	Weight	Δ 16/15	Sales	Weight
Paper	366,4	85,9%	-3,3%	379,1	85,4%
Complementary business <sup>(1)</sup>	60,4	14,1%	-7,1%	65,0	14,6%
Packaging	34,0	8,0%	-11,0%	38,3	8,6%
Visual communication	20,5	4,8%	-3,7%	21,3	4,8%
Others <sup>(2)</sup>	5,8	1,4%	7,1%	5,5	1,2%
<b>Total</b>	<b>426,8</b>	<b>100%</b>	<b>-3,9%</b>	<b>444,1</b>	<b>100%</b>

**Note:** <sup>(1)</sup> Complementary Businesses includes Cross-selling performed at paper companies

<sup>(2)</sup> Graphic and Office supplies.

During the first half of 2016, despite the continued commercial efforts to defend the margin, the gross margin stood at 18.0%, down 0.3 percentage points from the same period of last year. This decrease in margin was due to the dynamics of paper merchants in the face of the market contraction, while at the same time being pressured by the producer's price increases at the beginning of the year. In the second quarter, there was a margin recovery, which stood at 18.1% compared to 17.9% in the first quarter.

In the first six months of 2016, as a result of the positive impact of adjusting the organizational model along with strong cost management, operating costs decreased 1.9 million euros (-2.9%) compared to the same period of 2015. This decrease is mainly due to greater efficiency in the distribution network despite the lower volume of activity and to the reduction of administrative and personnel expenses.

The ratio over sales of customer impairment balances decreased by 0.2 percentage points to 0.2%, meaning a decrease of 0.7 million euros compared to the same period of last year. This positive trend is due to the maintenance of prudent lines of action on the client credit portfolio in coordination with the Group's credit insurance company, whose program currently covers all Group companies except Belgium and Luxembourg.

In the first six months of 2016, Inapa performance was affected by the reduction in volumes and by the strong pressure on margins, whose impacts were partially offset by the reduction of operating costs, a result of the implemented restructuring, and impairment charges of customer balances. In this context, the Re-EBITDA was 10.2 million euros, 2.4% of sales.

The non-recurring charges of 0.4 million euros are inherent mainly to restructuring carried out in the logistics and commercial areas in Germany and France.

Operating profit (EBIT) amounted to 7.1 million euros, representing 1.7% of sales.

In the first six months of 2016, the financial charges decreased by -7.4% (-0.5 million euros) compared with the same period last year. This tendency is due to the combined effect of the



progressive reduction of debt with the decline in reference rates and the spread reductions as a result of the renegotiations carried out with banks.

The consolidated net income of Inapa was 0.3 million euros, compared with 1.0 million in 2015. This performance is the result of the impacts already referred at Re-EBITDA level partially offset by lower financial charges and tax impacts.

Working capital improved by 5.8% compared with June 2015, i.e., a reduction of 8.6 million euros. This reflects a strict adequacy of the receivables days.

The net debt at June 30, 2016 is 304.8 million euros, less 11.2 million euros compared to June 2015 and 6.1 million euros compared to December 2015, confirming the constant focus in reducing the financial debts of the Group that is in course of achievement.

In order to achieve a more sustainable financial structure by reducing leverage and extending debt maturity, negotiations remained with some of the financing banks, in order to obtain the renewal of agreements and the rescheduling of repayment plans. As a result, the non-current debt represents about 73% of total gross debt at June 30, 2016 compared to 58% a year earlier.

### 3.3. Performance of the Group Business Areas

In this period, the weight of total sales for complementary packaging business, visual communication and graphic and office supplies, remained at about 14%, with a very positive contribution of market penetration through cross-selling. Inapa proceeded with a significant effort to adjust the business models and the organization, adapting them to break in activity, thereby improving efficiency and productivity.

#### Paper

The second quarter of 2016 showed a positive trend compared to the first quarter, with some geographies such as Germany and France gaining market share. However, due to a globally difficult start of the year, in volume, sales of the first six months decreased 4.0% compared to 2015 levels to 388 thousand tones. In value paper business amounted to 366.4 million euros.

In the first half of 2016 the average selling price<sup>11</sup> increased by 0.7% to € 944 per ton over the same period of 2015, confirming the tendency that had been observed since the last quarter of 2015.

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<sup>1</sup> Average selling price: Paper sales / Paper Tons



Inapa pursued with the strategy to increase market penetration through cross-selling with the sale of packaging and visual communication products and graphic and office supplies, whose sales amounted to 17.9 million euros, an increase of 13.4% over the same period of last year.

In a decreasing demand market of around 5%, the Group maintained a margin defense policy, which at the start of 2016 was strongly impacted by the suppliers attempt to increase prices, reverted at the end of the first quarter, with the consequent impact on the second quarter margin. The 2016 first half margin was of 16.2%, a 0.4 percentage point's reduction when compared to the same period of last year.

Operational results (EBIT) of this business amounted to 5.2 million euros, representing 1.4% of sales.

### **Packaging**

The packaging business of the Group accounted for 34 million euros of sales<sup>22</sup>, 4.3 million euros bellow last year.

In the first half of 2016, the volume of the packaging area business has developed in line with expectations. The activity decrease in one of the geographies was partially compensated by the very positive sales growth in the wine sector, the food processing, chemical industry and cosmetics, as well as the dynamics of cross selling with commercial teams of the paper area.

Operational results (EBIT) of packaging companies (excluding *cross-selling*) were 1.2 million euros, representing 4.3% of sales. Inapa maintained a consistent policy of margin protection alongside with an optimization of resources connected with the activity structure, which allowed her to maintain adequate levels of profitability.

### **Visual Communication**

The visual communication business registered a total turnover of 20.5 million euros<sup>3</sup> standing roughly in line with the same period last year.

The beginning of 2016 was characterized, in the first quarter, by a great reluctance of our customers to invest, compared with the same period last year, with the consequent drop in the volume of hardware sales inherent technical assistance services and selling of replacement parts, partially compensated by the overall growth of sales in media, inks and software sales.

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<sup>2</sup> Packaging sales (excluding cross selling): 29.0 million euros (Note 4)

<sup>3</sup> Sales of visual communication (excluding cross selling): 13.8 million euros (Note 4)



Inapa pursued with a consistent policy of margin protection, which remained at the same level of the first half of the previous year. In addition, continued with the optimization of its operating structure in logistics and commercial areas, already with some positive impacts at the current year, which however was not enough to counteract the negative impact of the fall in turnover figures. Operating results (EBIT) of visual communication companies (excluding cross selling) was -0.16 million euros.

### 3.4.Future prospects

The changes for demand of graphic and printing papers will be influenced by the performance of the economies where Inapa operates, in particular the European macroeconomic framework, alongside the equilibrium within the sector. For the next half of 2016, in a context where we perspective some uncertainties on the evolution and dynamics of the market, sales in volume should maintain the recovery trend occurred in recent months.

Regarding the packaging and visual communication businesses, Inapa will remain focused on organic growth through increased penetration in the markets where it operates and the strengthening of cross selling. Inapa will continue to actively pursue investment opportunities that show prospects for growth, profitability and value creation, according with the standards that have been adopted by the Group in recent years.

A permanent focus on the margin stability will be maintained, via a solid price policy and management of the product mix, together with the strict management of credit risk. We will continue to maintain an increased focus on operating costs in order to maintain the downward tendency that has been continually verified, constantly working the adjustment of the organizational model and its adaptation to the business structure in order to achieve greater efficiency.

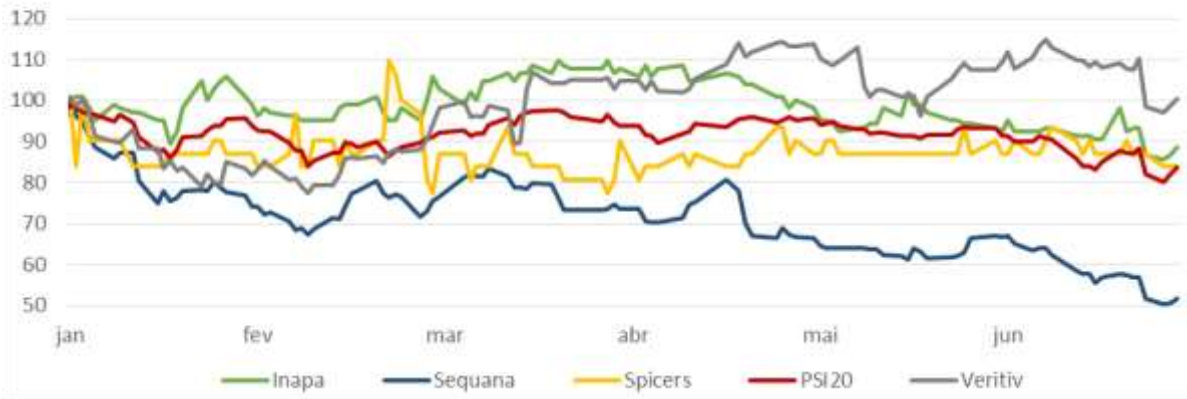
In terms of balance sheet, the Group will continue to pursue the goal to reduce its debt ratio through the optimization of working capital and cash flow generation resulting from the activity, being currently fulfilled the 2020 Agenda objective of having 2/3 of debt with medium and long term maturity.



### 3.5. Stock Exchange performance

**Inapa share price evolution vs. PSI20 vs. comparables**

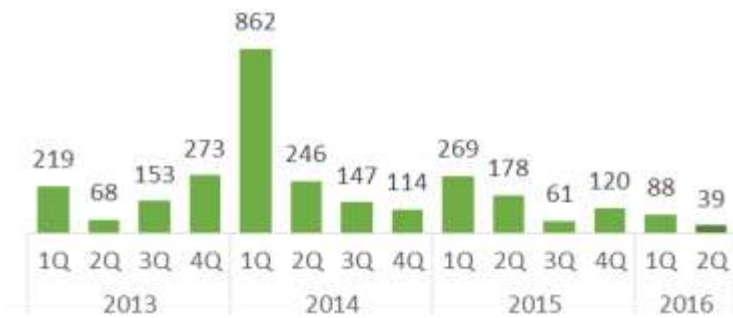
June 2016



At June 30, 2016, ordinary shares price decreased 11% relatively to the end of 2015, standing at the end of the first half at 0.093€. To be noted that the evolution of Inapa title presented a trend above the one recorded by PSI-20, as well as better than some of its comparable peers in the industry, as Sequana and Spicers.

Inapa trading volumes during the first half of 2016, were below the 2015 average, with the second quarter of 2016 recording the lowest average volume of the last three years, with 39 thousand traded shares.

**Average trading volume**  
Thousand of shares



Preferred share's price at June 30, 2016 was 0.10€, eight cents below its emission price (done in October 2011) and with no traded volumes.



## 4. Interim Consolidated Accounts

### INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED INCOME STATEMENT AT JUNE 30, 2016 AND JUNE 30, 2015  
(Amounts in thousands of Euros)

	Notes	JUNE 30, 2016	2ND QUARTER, 2016 *	JUNE 30, 2015	2ND QUARTER, 2015 *
<b>Tones *</b>		<b>387.984</b>	<b>191.048</b>	<b>404.066</b>	<b>206.730</b>
Sales and Services rendered	3	430.855	212.873	448.238	219.704
Other income	3	10.279	5.134	10.720	4.814
<b>Total Income</b>		<b>441.134</b>	<b>218.007</b>	<b>458.958</b>	<b>224.518</b>
Cost of Sales		-353.818	-174.634	-366.829	-180.113
Personnel Cost		-37.296	-18.650	-38.645	-19.588
Other costs		-40.330	-20.266	-41.857	-20.189
		<b>9.691</b>	<b>4.457</b>	<b>11.627</b>	<b>4.628</b>
Depreciations and amortizations		-2.668	-1.356	-2.558	-1.354
Gains / (Losses) in associates		37	34	19	10
Net financial function	6	-6.978	-3.677	-7.534	-3.760
<b>Net profit before income tax</b>		<b>82</b>	<b>-542</b>	<b>1.554</b>	<b>-476</b>
Income tax	17	141	375	-631	-168
<b>Net profit / (loss) for the period</b>		<b>223</b>	<b>-167</b>	<b>923</b>	<b>-644</b>
<b>Attributable to:</b>					
Shareholders of the company		271	-150	957	-629
Non controlling interests		-48	-17	-34	-16
<b>Earnings per share on continuing operations</b>					
Basic		0,0005	-0,0004	0,0020	-0,0010
Diluted		0,0005	-0,0004	0,0020	-0,0010

To be read in conjunction with the Notes of interim consolidated financial statements

\* Non audited



## INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT JUNE 30, 2016  
(Amounts in thousands of Euros)

	JUNE 30, 2016	2ND QUARTER, 2016 *	JUNE 30, 2015	2ND QUARTER, 2015 *
<b>Net profit for the period before non controlling interests</b>	<b>223</b>	<b>-167</b>	<b>923</b>	<b>-644</b>
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains / losses	-	-	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Change in value of available-for-sale financial assets	-	-	-	-
Exchange conversion differences	-361	-94	1.243	13
<b>Rendimento reconhecido directamente no capital próprio</b>	<b>-361</b>	<b>-94</b>	<b>1.243</b>	<b>13</b>
<b>Total comprehensive income for the period</b>	<b>-139</b>	<b>-261</b>	<b>2.166</b>	<b>-631</b>
<b>Attributable to:</b>				
Shareholders of the company	-90	-244	2.200	-615
Non controlling interests	-48	-17	-34	-16
	<b>-139</b>	<b>-261</b>	<b>2.166</b>	<b>-631</b>

To be read in conjunction with the Notes of interim consolidated financial statements

\* Non audited



## INAPA - Investimentos, Participações e Gestão, SA

### CONSOLIDATED BALANCE SHEET AT JUNE 30, 2016 AND DECEMBER 31, 2015

(Amounts in thousands of Euros)

	Notes	JUNE 30, 2016	DECEMBER 31, 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets		78.456	84.298
Goodwill	7	164.749	164.787
Other intangible assets		113.945	115.641
Investments in associate companies		1.159	1.117
Available-for-sale financial assets	8	37	40
Other non-current assets	11	6.733	6.140
Deferred taxes assets	17	23.268	21.886
<b>Total non-current assets</b>		<b>388.347</b>	<b>393.907</b>
<b>Current Assets</b>			
Inventories		67.367	63.214
Trade receivables	11	134.987	127.928
Tax to be recovered		5.861	6.998
Other current assets	11	28.839	30.844
Cash and cash-equivalents	12	17.588	25.513
Available-for-sale financial assets		0	808
<b>Total current assets</b>		<b>254.642</b>	<b>255.305</b>
<b>Total Assets</b>		<b>642.989</b>	<b>649.212</b>
<b>SHAREHOLDERS EQUITY</b>			
Share capital	14	180.135	180.135
Reserves		450	450
Retained earnings		46.152	46.539
Net profit for the period		-36.889	-36.096
		271	-402
Non controlling interests		190.119	190.625
		-92	26
<b>Total shareholders equity</b>		<b>190.027</b>	<b>190.651</b>
<b>LIABILITIES</b>			
<b>Non current Liabilities</b>			
Loans	15	191.466	172.230
Financing associated to financial assets	15	43.952	44.647
Deferred tax liabilities	17	24.108	24.276
Provisions		137	324
Employees bebefits		8.820	8.637
Other non-current liabilities		5.540	5.646
<b>Total non-current liabilities</b>		<b>274.025</b>	<b>255.761</b>
<b>Current Liabilities</b>			
Loans	15	86.925	119.529
Trade payables	16	62.293	53.259
Tax liabilities		11.295	11.222
Other current liabilities	16	18.423	18.789
<b>Total current liabilities</b>		<b>178.936</b>	<b>202.800</b>
<b>Total shareholders capital and liabilities</b>		<b>642.989</b>	<b>649.212</b>





## INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AS AT JUNE 30, 2016 AND DECEMBER 31, 2015  
(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			
<b>BALANCE AS AT 1 JANUARY 2015</b>	180.135	450	4.803	3.851	2.078	191.318	133	191.451
Total earnings and costs recognized in the period	-	-	413	-670	-402	-658	-108	-767
Previous year net profit and loss result	-	-	-	2.078	-2.078	-	-	-
Changes in Capital	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Other changes	-	-	-	-33	-	-33	-	-33
<b>Total of gains and losses of the period</b>	-	-	413	1.375	-2.480	-692	-108	-800
<b>BALANCE AS AT 31 DECEMBER 2015</b>	180.135	450	5.216	5.226	-402	190.625	26	190.651
<b>BALANCE AS AT 1 JANUARY 2016</b>	180.135	450	5.216	5.226	-402	190.625	26	190.651
Total earnings and costs recognized in the period	-	-	-361	-	271	-90	-48	-139
Previous year net profit and loss result	-	-	-	-402	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Other changes	-	-	-	-416	-	-416	-71	-487
<b>Total of gains and losses of the period</b>	-	-	-361	-818	674	-505	-119	-625
<b>BALANCE AS AT JUNE 30, 2016</b>	180.135	450	4.855	4.408	272	190.118	-92	190.027

To be read in conjunction with the Notes of interim consolidated financial statements  
\* Non audited



## INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED CASH FLOW STATEMENT AS AT JUNE 30, 2016 AND JUNE 30, 2015  
(Amounts expressed in thousand Euros) - direct method

	Notes	JUNE 30, 2016	2ND QUARTER, 2016 *	JUNE 30, 2015	2ND QUARTER, 2015 *
<b>Cash flow generated from operating activities</b>					
Cash receipts from customers		438.706	223.445	438.973	217.884
Payments to suppliers		-361.678	-187.206	-368.214	-191.265
Payments to personnel		-36.831	-18.322	-39.131	-19.063
<b>Net cash from operational activities</b>		<b>40.197</b>	<b>17.917</b>	<b>31.628</b>	<b>7.556</b>
Income taxes paid		-886	-3.344	-1.291	-599
Income taxes received		372	-306	1.151	380
Other proceeds relating to operating activity		21.719	13.136	12.485	8.415
Other payments relating to operating activity		-21.184	-2.558	-39.229	-25.568
<b>Net cash generated from operating activities</b>	<b>[1]</b>	<b>40.217</b>	<b>24.845</b>	<b>4.744</b>	<b>-9.816</b>
<b>Cash flow from investing activities</b>					
Proceeds from:					
Financial investments		4	4	2	2
Tangible fixed assets		4.639	3.621	341	191
Intangible assets		-	-	-	-
Interest and similar income		450	-149	1.649	669
Dividends		-	-	-	-
		<u>5.094</u>	<u>3.477</u>	<u>1.992</u>	<u>862</u>
Payments in respect of:					
Financial investments		-165	-	-263	0
Tangible fixed assets		-715	-501	-1.385	-559
Intangible assets		-218	-218	-	0
Advances from third-party expenses		-	-	-	-
Loans granted		-	-	-	-
		<u>-1.098</u>	<u>-719</u>	<u>-1.648</u>	<u>-559</u>
<b>Net cash used in investing activities</b>	<b>[2]</b>	<b>3.996</b>	<b>2.757</b>	<b>344</b>	<b>303</b>
<b>Cash flow from financing activities</b>					
Proceeds from:					
Loans obtained		161.966	130.187	95.457	64.693
Capital increases, repayments and share premiums		-	-	-	-
Treasury placements		-	-	-	-
Changes in ownership interests		-	-	-	-
		<u>161.966</u>	<u>130.187</u>	<u>95.457</u>	<u>64.693</u>
Payments in respect of:					
Loans obtained		-187.567	-144.136	-96.154	-55.683
Amortization of financial leases		-2.450	-2.106	-643	-323
Interest and similar expenses		-7.089	-3.269	-7.953	-3.534
Dividends		-	-	-	-
		<u>-197.106</u>	<u>-149.510</u>	<u>-104.750</u>	<u>-59.540</u>
<b>Net cash used in financing activities</b>	<b>[3]</b>	<b>-35.140</b>	<b>-19.324</b>	<b>-9.293</b>	<b>5.153</b>
Increase / (decrease) in cash and cash-equivalent	<b>[4] = [1] + [2] + [3]</b>	9.073	8.278	-4.205	-4.360
Effect of exchange differences		-17	-228	121	175
		<u>9.056</u>	<u>8.049</u>	<u>-4.083</u>	<u>-4.185</u>
Cash and cash-equivalents at the beginning of period		-41.480	-	-55.744	-
Cash and cash-equivalents at the end of period	<b>12</b>	<u>-32.423</u>	<u>8.050</u>	<u>-59.828</u>	<u>-4.186</u>
		<u>9.057</u>	<u>8.050</u>	<u>-4.084</u>	<u>-4.186</u>

To be read in conjunction with the Notes of interim 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 2016**

(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: 180,135,111.43 euros

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

As a result of its development and internationalization plan, the Inapa Group holds shares in the Paper supply sector in various European countries, specifically (i) Inapa Deutschland, GmbH headquartered in Germany, which has a stake in Papier Union, GmbH, which in turn holds shares in Inapa Packaging, GmbH, and Inapa Viscom, GmbH, headquartered in the same country, (ii) Inapa France, (iii) Inapa Suisse, 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 in the Group which has a stake in Inapa Angola - Distribuição de Papel, S.A. and Crediforma – Papelaria e Equipamento Técnico, Lda, (v) Inapa España Distribución de Papel, S.A., operating in Spain, which has a stake in Surpapel, SL (a company that markets paper), (vi) Europackaging, SGPS, Lda, based in Portugal that develops its activity in Portugal and France through its subsidiaries and (vii) one company located in the United Kingdom - Inapa Merchants Holding, Ltd, company without activity, (viii) Inapa Belgium and Inapa Luxembourg, operating in the Benelux market and Korda Kağıt Pazarlama ve Ticaret Anonim Şirketi, operating in the Turkish market.

These consolidated financial statements were approved by Inapa-IPG's Board of Directors of 23 September 2016. 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 2016 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 2015.

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 31 December 2015 and are detailed in the Notes to those financial statements.

## New standards, interpretations and amendments to standards

After 1 January 2016 the following standards, interpretations and amendments to existing standards came into effect following their publication by the IASB, by IFRIC and their adoption by the European Union:

- IFRS 9 (amendment): 'New requirements for the classification and measurement of financial assets';
- IFRS 9 (amendment): 'Review of the requirements for the classification and measurement of financial liabilities';
- IFRS 9, IFRS 7 and IAS 39 (amendment): 'Hedge accounting';
- IFRS9 (amendment): ' Requirements for recording financial instruments';
- IFRS 14 (new): 'Tariff deviations';
- IFRS 15 (new): 'Revenue from contracts with customers' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2017). This standard is still subject to endorsement by the European Union;
- IFRS 16 (new), 'Leases' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2019). This standard is still subject to endorsement by the European Union.

The beginning of these standards 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 1 January 2016 as they have not been adopted by European Union. These standards are either not relevant in the context of the present financial statements or Inapa has opted not to adopt them before time:



- IAS 1 (amendment) - 'Disclosures review' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2016);
- IAS 19 (amendment) – 'Employee Benefits' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2016);
- IAS 16 and IAS 38 (amendment) - Methods of calculating depreciation and depreciation allowed (effective for annual periods beginning on or after January 1<sup>st</sup>, 2016);
- IAS 16 and IAS 41 (amendment) - 'Agriculture: plants that produce consumable biological assets' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2016);
- IAS 27 (amendment) – 'Equity Method in separated Financial Statements' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2016);
- IFRS 11 (amendment) – Accounting for the acquisition of an interest in a joint operation' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2016);
- Changes to IFRS 10 and IAS 28 – 'Sale or assets contributions between an investor and its subsidiary or Joint-Venture' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2016) .This is still subject to endorsement by the European Union;
- Changes to IFRS 10, 12 and IAS 28 – 'Investment Entities: exemption of the Consolidation obligation' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2016). This standard is still subject to endorsement by the European Union;
- IAS 12 (amendment) 'Recognition of Deferred Tax Assets for Unrealised Losses' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2017). This amendment is still subject to endorsement by the European Union;
- IAS 7 (amendment) 'Disclosure initiative – Principles of disclosure' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2017). This amendment is still subject to endorsement by the European Union;
- IFRS 15 (amendment) 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after January 1<sup>st</sup>, 2018). This amendment is still subject to endorsement by the European Union;
- Improvements to standards 2010 - 2012, (applicable in general to periods beginning on or after July 1<sup>st</sup>, 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<sup>st</sup>, 2015). These improvements are still subject to endorsement by the European Union. This cycle affects the following normative improvements: IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Improvements to standards 2012 - 2014, (applicable in general to periods beginning on or after January 1<sup>st</sup>, 2015). These improvements are still subject to endorsement by the European Union. This cycle affects the normative improvements following: IFRS 5, IFRS 7, IAS 9 and IAS 34.

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, 2016, 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 2016.

Estimates made in preparing the financial statements for the six months ended June 30, 2016 have the same characteristics as in the preparation of financial statements for 2015.

### 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 2016 and 30 June 2015 brake down as follows:

	<u>30 June 2016</u>	<u>30 June 2015</u>
<i><b>Domestic market</b></i>		
Goods sold	21.107	21.739
Service rendered	<u>1.372</u>	<u>104</u>
	22.479	21.842
<i><b>Exports</b></i>		
Goods sold	405.706	422.375
Service rendered	<u>2.670</u>	<u>4.021</u>
	<u>408.376</u>	<u>426.396</u>
<b>Total</b>	<b><u>430.855</u></b>	<b><u>448.238</u></b>

As at 30 June 2016 and 2015, Other income balance brake down as follows:

	<u>30 June 2016</u>	<u>30 June 2015</u>
Supplementary income	-	437
Net cash discounts	3.759	4.125
Other income	6.520	6.158
	<b><u>10.279</u></b>	<b><u>10.720</u></b>

### 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, 2016 and 2015 for operating segments is as follows:

	30 June 2016					30 June 2015					Consolidated	
	Paper	Packaging	Visual Communication	Other operations	Eliminations on consolidations	Paper	Packaging	Visual Communication	Other operations	Eliminations on consolidations		
<b>REVENUES</b>												
External sales	383.936	29.047	13.816	14		<b>426.813</b>	394.439	33.714	15.956	4	-	<b>444.113</b>
Inter-segment sales	74	1.307	1.352		-2.733	<b>0,00</b>	316	1.192	1.737	-	-3.245	-
<b>Other revenues</b>	13.137	419	315	450		<b>14.321</b>	13.467	532	341	505	-	<b>14.844</b>
<b>Total Revenues</b>	<b>397.147</b>	<b>30.774</b>	<b>15.483</b>	<b>464</b>	<b>-2.733</b>	<b>441.134</b>	<b>408.222</b>	<b>35.438</b>	<b>18.034</b>	<b>509</b>	<b>-3.245</b>	<b>458.958</b>
<b>RESULTS</b>												
Segment results	6.574	1.238	-157	-505	-128	7.022	9.247	1.951	278	-2.631	224	9.069
<b>Operacional results</b>						<b>7.022</b>						<b>9.069</b>
Interest expenses	-4.700	-439	-179	-4.470	1.845	-7.944	-5.330	-445	-187	-4.979	1.935	-9.007
Interest income	2.564	39	29	106	-1.770	966	3.075	-	38	468	-2.108	1.473
Tax on profits	-	-	-	-	-	141	-	-	-	-	-	-631
<b>Income from ordinary activities</b>						<b>186</b>						<b>904</b>
Gains/ (losses) in associated companies						37						19
<b>Net profit / (loss) for the year</b>						<b>223</b>						<b>923</b>
<b>Attributable:</b>												
Equity shareholders						271						957
Non controlling interests						-48						-34

As at 30 June 2016 and 2015, paper sales per country where the Group operates were broken down as follows:

	Sales	
	30 June 2016	30 June 2015
Germany	202.936	205.299
France	85.517	84.319
Portugal	17.774	18.887
Others	77.709	85.934
	<b>383.936</b>	<b>394.439</b>

## 5. OTHER COSTS

As at the end of the six month period to 30 June 2016 and 30 June 2015, the Other costs broke down as follows:

	30 June 2016	30 June 2015
General and Administrative expenses	-36.721	-37.697
Indirect taxes	-2.012	-1.733
Other costs	-629	-465
Impairment to current assets	-968	-1.692
	<b>-40.330</b>	<b>-41.587</b>



## 6. FINANCIAL FUNCTION

As at the end of the six months to 30 June 2016 and 30 June 2015, financial function was broken down as follows:

	<u>30 June 2016</u>	<u>30 June 2015</u>
<b>Financial income</b>		
Interest received	362	496
Favourable FX differences	587	886
Other financial income and profits	17	90
	<u>966</u>	<u>1.473</u>
<b>Financial costs</b>		
Interest paid	-5.505	-5.789
Unfavourable FX differences	-622	-988
Other financial losses and costs	-1.818	-2.230
	<u>-7.945</u>	<u>-9.007</u>
<b>Net financial results</b>	<u><u>-6.978</u></u>	<u><u>-7.534</u></u>

## 7. GOODWILL

The variation of the balance recorded in Goodwill during the six months ended June 30, 2016 and the year 2015 was as follows:





<b>January 1, 2015</b>	
Acquisition value	176.286
Accumulated Impairment losses	-11.766
<b>Balance as at January 1, 2015</b>	<b><u>164.520</u></b>
<b>Moviments during 2015</b>	
Exchange rate differences	-
Increases	266
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	<b><u>164.787</u></b>
<b>December 31, 2015</b>	
Acquisition value	176.553
Accumulated Impairment losses	-11.766
<b>Balance as at December 31, 2015</b>	<b><u>164.787</u></b>
<b>Moviments during 2016</b>	
Exchange rate differences	-
Increases	-
Impairment	-
Transfers and disposals	-38
Changes in consolidation perimeter	-
	<b><u>164.749</u></b>
<b>June 30, 2016</b>	
Acquisition value	176.515
Accumulated Impairment losses	-11.766
<b>Balance as at June 30, 2016</b>	<b><u>164.749</u></b>

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

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2016 and 31 December 2015, Available-for-sale financial assets were broken down as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
<b>Non current</b>		
Others	<u>37</u>	<u>40</u>
	<b><u>37</u></b>	<b><u>40</u></b>
<b>Current</b>		
Others	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Changes in Available-for-sale financial assets during six month period to 30 June 2016 and year 2015 were as follows:



<b>Opening balance as at 1 January 2015</b>	<b>39</b>
Aquisitions	3
Disposals	-2
Changes in fair value	-
<b>Closing balance as at 31 December 2015</b>	<b>40</b>
Aquisitions	-
Disposals	-3
Changes in fair value	-
<b>Closing balance as at 30 June 2016</b>	<b>37</b>



## 9. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS

As at 30 June 2016, 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	100.00	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
Inapa Packaging, S.A.	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	Osterbekstraße 90 20354 Hamburgo Alemanha	92.50	Holding	Inapa – IPG, SA	April 2000
Papier Union, GmbH	Osterbekstraße 90 20354 Hamburgo Alemanha	100.00	Paper Merchanting	Inapa Deutschland, GmbH	April 2000
Inapa Packaging, GmbH	Osterbekstraße 90 20354 Hamburgo Alemanha	100.00	Holding	Papier Union, GmbH	2006
Complott Papier Union, GmbH	Industriestrasse 40822 Mettmann Germany	100.00	Visual Communication	Papier Union, 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 Braamcamp 40 - 9ºD, 1250-050 Lisboa, Portugal	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 Merchanting	Inapa Portugal, SA	December 2009
Semaq Emballages, SA	Rue de Strasbourg – ZI de Bordeaux Fret França	100.00	Packaging	Inapa Packaging, S.A.	February 3013
Inapa Embalagem, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100.00	Packaging	Europackaging, SGPS, Lda	March 3013
Inapa Shared Center, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100.00	Shared services	Inapa Portugal, SA e Inapa – IPG, SA	July 3013
Da Hora Artigos de Embalagem, Lda	Urbanização das Minhoteiras, lote 3 – Crestins Maia 4470-592 Moreira Maia	100.00	Packaging	Inapa Embalagem, Lda	November 3013
Inapa Comunicação Visual, 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 Istanbul Turquia	100,00	Distribuição papel	Inapa-IPG, SA	setembro 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

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



The following companies were included in the consolidated financial statements by the equity method, under Investments in associated 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%
Inapa Vertriebs GmbH	Warburgstrasse,28 20354 Hamburg Alemanha	Papier Union, GmbH	100%

## 11. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 June 2016 and 31 December 2015, Trade receivables were broken down as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
<b>Trade receivables</b>		
Trade receivables -Current account	125.256	117.828
Trade receivables -Bills receivable	8.089	8.536
Doubtful debt	20.544	20.343
	<u>153.889</u>	<u>146.708</u>
Cumulative impairment losses	-18.903	-18.780
<b>Trade receivables - net balance</b>	<b><u>134.987</u></b>	<b><u>127.928</u></b>

As at 30 June 2016 and 31 December 2015, the balance of Other assets was broken down as follows:



	<u>30 June 2016</u>	<u>31 December 2015</u>
<b>Other non current assets</b>		
Other debtors	7.200	6.612
Accumulated impairment losses	-467	-473
	<u><b>6.733</b></u>	<u><b>6.140</b></u>
<b>Other current assets</b>		
Other debtors	13.954	13.585
Accumulated impairment losses	-936	-634
	13.018	12.951
Advances to suppliers	512	592
Accrued income	11.806	14.653
Deferred costs	3.502	2.648
	<u><b>28.839</b></u>	<u><b>30.844</b></u>

## 12. CASH AND CASH-EQUIVALENT

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

	<u>30 June 2016</u>	<u>31 December 2015</u>	<u>30 June 2015</u>
<b>Cash and cash-equivalent</b>			
Banks	17.371	25.330	16.381
Cash	217	182	268
	<u><b>17.588</b></u>	<u><b>25.513</b></u>	<u><b>16.649</b></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 2016</u>	<u>31 December 2015</u>	<u>30 June 2015</u>
<b>Cash and cash-equivalent</b>			
Banks	17.371	25.330	16.381
Cash	217	182	268
<b>Cash and cash-equivalent per balance sheet</b>	<u><b>17.588</b></u>	<u><b>25.513</b></u>	<u><b>16.649</b></u>
Bank overdrafts	-50.010	-66.992	-76.476
<b>Cash and Cash-equivalent per Cash-Flow statement</b>	<u><b>-32.422</b></u>	<u><b>-41.480</b></u>	<u><b>-59.828</b></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 2016 and for the year ended in 2015, the recognised asset impairments were as follows:

	Goodwill	Other intangible assets	Inventories	Trade receivables	Other current assets	Total
<b>Balance as at January 1, 2015</b>	11.766	27.464	1.303	21.618	1.122	63.273
Increases	-	-	185	2.712	-	2.897
Utilisation	-	-	-148	-268	-15	-432
Reverseals	-	-	-55	-5.097	-	-5.153
Changes in the consolidation perimeter	-	-	-	-	-	-
Exchange rate differences	-	-	9	-184	-	-175
<b>Balance as at December 31, 2015</b>	<b>11.766</b>	<b>27.464</b>	<b>1.298</b>	<b>18.780</b>	<b>1.107</b>	<b>60.415</b>
Increases	-	-	43	968	296	1.307
Utilisation	-	-	-28	-172	-	-200
Reverseals	-	-	-1	-640	-	-641
Changes in the consolidation perimeter	-	-	-	-	-	-
Exchange rate differences	-	-	-1	-33	-	-34
<b>Balance as at June 30, 2016</b>	<b>11.766</b>	<b>27.464</b>	<b>1.311</b>	<b>18.903</b>	<b>1.403</b>	<b>60.847</b>

### 14. SHARE CAPITAL

At 30 June 2016 share capital was represented by 450,980,441 shares, of which 150,000,000 are ordinary shares with no par value and 300,980,441 preferred shares that due to the non-distribution of dividends for the exercises of 2012 and 2013, in 2014 began to confer voting rights, certificated and bearer with no par value. As at 30 June, 2016, Equity was fully subscribed and issued.

The preferred 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 attached 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, as long as there are distributable profits. In the case of the priority dividend is not fully paid during two years, preference shares gain voting rights on the same terms of the ordinary shares and only go back to its previous status in the year following that in which the priority dividends were paid.

At the Extraordinary General Meeting of August 6, 2014, an amendment to the articles of Inapa - IPG statues was approved, in which, during the period in which the preferred shares confers the right to vote, are not considered votes corresponding to shares held by a shareholder or shareholders with whom is subject to a common domain, which exceed one-third of all the votes corresponding to the share capital.

On 30 June, 2016, the Group does not own shares or have occurred any purchases during the year 2016 transactions of own shares.

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	June 30, 2016				
	Ordinary Shares	% of Ordinary Shares	Preferential Shares	% Preferential Shares	% Voting Rights
Parpública – Participações Públicas (SGPS), SA	49.084.738	32,72%	-	0,00%	8,22%
PARUPS S.A.	1.000.000	0,67%	-	-	0,17%
Shares allocated to CGD	2.762	0,002%	148.888.866	49,47%	24,94%
Parcaixa - SGPS, S.A.	-	-	148.888.866	49,47%	24,94%
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	1.262	0,001%	-	-	0,000%
Caixa - Banco de Investimento, S.A.	1.500	0,001%	-	-	0,000%
Shares allocated to MillenniumBCP	18.452.250	12,30%	121.559.194	40,39%	31,05%
Fundo de Pensões do Grupo Banco Comercial Português	16.491.898	10,99%	45.810.827	15,22%	13,81%
Banco Comercial Português	1.960.352	1,31%	75.748.367	25,17%	17,23%
Novo Banco, SA	-	-	27.556.665	9,16%	6,11%
Nova Expressão SGPS, SA	13.701.000	9,13%	-	-	3,04%
<b>Total Qualified Shares</b>	<b>81.240.750</b>	<b>54,16%</b>	<b>298.004.725</b>	<b>99,01%</b>	<b>73,36%</b>

Note: PARUPS S.A. Is not considered a qualified share, has been included in this report due to vote limitation.

Shareholder	December 31, 2015				
	Ordinary Shares	% of Ordinary Shares	Preferential Shares	% Preferential Shares	% Voting Rights
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	-	-	8.26%
Shares allocated to CGD	2,762	0.002%	148,888,866	49.47%	25.07%
Parcaixa - SGPS, S.A.	-	-	148,888,866	49.47%	25.07%
CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	1,262	0.001%	-	-	0.000%
Caixa - Banco de Investimento, S.A.	1,500	0.001%	-	-	0.000%
Shares allocated to MillenniumBCP	18,452,250	12.30%	121,559,194	40.39%	31.05%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	45,810,827	15.22%	13.81%
Banco Comercial Português	1,960,352	1.31%	75,748,367	25.17%	17.23%
Novo Banco, SA	-	-	27,556,665	9.16%	6.11%
Nova Expressão SGPS, SA	13,701,000	9.13%	-	-	3.04%
<b>Total Qualified Shares</b>	<b>81,240,750</b>	<b>54.16%</b>	<b>298,004,725</b>	<b>99.01%</b>	<b>73.53%</b>





## 15. LOANS

As at 30 June 2016 and 31 December 2015, Loans balance were broken as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
<b>Current debt</b>		
° <b>Bank loans</b>		
° Bank loans and other current financial instruments	50.010	66.992
° Commercial paper, redeemable at its nominal value, renewable, with maturity within one year	16.211	34.299
° Medium and long-term financial instruments (portion maturity within 1 year )	9.983	8.490
° Other current financial loans	9.258	8.406
° Financial leases	1.462	1.342
<b>Total current debt</b>	<u>86.925</u>	<u>119.529</u>
<b>Non- current debt</b>		
° <b>Bank loans</b>		
° Medium and long-term financial instruments	115.066	125.749
° Other loans	30.552	31.097
° Commercial Paper, reimbursed by nominal value	32.172	7.550
° Financial leases	13.676	7.834
	<u>191.466</u>	<u>172.230</u>
° <b>Financing associated to financial assets - securitisation</b>	43.952	44.647
<b>Total non-current debt</b>	<u>235.419</u>	<u>216.877</u>
<b>Total debt</b>	<u><b>322.343</b></u>	<u><b>336.406</b></u>

As at 30 June 2016 the bank loans conditions are similar to the ones of 31 December 2015.

As at 30 June 2016 and 31 December 2015, the net balance of consolidated financial debt is broken down as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
Loans		
Current	85.463	118.188
Non-current	177.790	164.396
	<u>263.253</u>	<u>282.584</u>
Loans associated to financial assets - securitization	43.952	44.647
Financial leases debt	15.138	9.176
	<u>322.343</u>	<u>336.406</u>
Cash and cash-equivalents	17.588	25.513
Negotiable financial assets (listed securities)	-	-
Available-for-sale financial assets (listed securities)	-	-
	<u>17.588</u>	<u>25.513</u>
	<u><b>304.756</b></u>	<u><b>310.893</b></u>



## 16. SUPPLIERS AND OTHER CURRENT AND NON CURRENT LIABILITIES

As at 30 June 2016 and 31 December 2015, the balances of Suppliers and of Other current liabilities were broken down as follows:

	<u>30 June 2016</u>	<u>31 December 2015</u>
<b>Other non current liabilities</b>		
Other creditors	5.540	5.646
	<u>5.540</u>	<u>5.646</u>
<b>Suppliers</b>		
Suppliers on current account	58.701	50.724
Trade bills account	45	760
Invoices pending reconciliation	3.548	1.775
	<u>62.293</u>	<u>53.259</u>
<b>Other current liabilities</b>		
Advances from clients	1.509	1.823
Other creditors	9.502	7.495
Accruals and deferred items	7.412	9.472
	<u>18.423</u>	<u>18.789</u>

## 17. INCOME TAX

The amount of taxes in the Interim Consolidated Income Statement for the six months to 30 June 2016, amounting to a total of 141 thousand Euros, equates to the liability for current income tax for the half-year period in the amount of 369 thousand Euros, plus the positive balance of changes in deferred tax, amounting to 511 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 2016, is detailed in the following table:

	<u>30 June 2016</u>
Net income before tax	82
Nominal company tax rate	<u>30%</u>
	-25
Income tax	<u>141</u>
	<u>166</u>
Permanent differences- Germany	-254
Permanent differences- Portugal	472
Permanent differences- Spain	26
Permanent differences- France	42
Tributable dividends	0
Difference between nominal and effective tax rate	-58
Other	<u>-62</u>
	<u>166</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 2016 and 31 December 2015.

The following table reports changes in deferred tax assets and liabilities during the six months to 30 June 2016 and the financial year ended 31 December 2015:

	<u>01-01-2016</u>	<u>Changes in consolidation perimeter</u>	<u>Fair value reserves and other reserves</u>	<u>Net profit for the period</u>	<u>30-06-2016</u>
<b>Deferred tax assets</b>					
Taxable provisions	88	-	-	-	88
Reportable tax losses	18.377	-	-	221	18.598
Others	3.423	-4	1.049	115	4.583
	<u>21.888</u>	<u>-4</u>	<u>-</u>	<u>336</u>	<u>23.268</u>
<b>Deferred tax liabilities</b>					
Fixed assets revaluation	-8.410	-	-467	482	-8.395
Depreciation	-14.848	-	-	-151	-14.999
Others	-1.019	-	-	-156	-1.175
	<u>-24.276</u>	<u>-</u>	<u>-467</u>	<u>175</u>	<u>-24.569</u>
<b>Net deferred tax</b>	<u><b>-2.390</b></u>	<u><b>-4</b></u>	<u><b>-467</b></u>	<u><b>511</b></u>	<u><b>-1.301</b></u>
	<u>01-01-2015</u>	<u>Changes in consolidation perimeter</u>	<u>Fair value reserves and other reserves</u>	<u>Net profit for the period</u>	<u>31-12-2015</u>
<b>Deferred tax assets</b>					
Taxable provisions	88	-	-	-	88
Reportable tax losses	19.293	-	-	-916	18.377
Others	3.675	-29	-	-223	3.423
	<u>23.055</u>	<u>-29</u>	<u>-</u>	<u>-1.139</u>	<u>21.886</u>
<b>Deferred tax liabilities</b>					
Fixed assets revaluation	-8.259	-	-29	-122	-8.410
Depreciation	-14.583	-	-	-265	-14.848
Others	-1.011	-	-	-8	-1.019
	<u>-23.853</u>	<u>-</u>	<u>-29</u>	<u>-395</u>	<u>-24.276</u>
<b>Net deferred tax</b>	<u><b>-799</b></u>	<u><b>-29</b></u>	<u><b>-29</b></u>	<u><b>-1.534</b></u>	<u><b>-2.390</b></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 18,557 thousand Euros in deferred tax assets reported to tax losses which may come to be deducted from future taxable profits, as detailed in the following Table:

<u>Company name</u>	<u>Deferred tax balance</u>	<u>Due date</u>
Inapa France	8.029	ilimited
Inapa Distribución Ibérica	6.978	2021-2033
Inapa Suisse	1.246	2022
Inapa Belgique	2.059	ilimited
Outros	245	
	<u><b>18.557</b></u>	



## 18. RELATED PARTIES TRANSACTIONS

The balances on June 30, 2016 and 2015 with entities related to the Group are as follows:

	30 June 2016					
	Trade Receivables	Bank deposits	Other current assets	Bank loans	Fixed assets supplier	Other current liabilities
PMF	-	-	1.767	-	-	-
Surpapel SL	45	-	2.625	-	-	2.500
Medialivros	-	-	-	-	-	-
Novo Banco	-	46	-	5.340	-	-
CGD	-	68	100	9.518	-	-
BCP	49	896	19	94.288	6.443	1.003
	<u>94</u>	<u>1.010</u>	<u>4.511</u>	<u>109.146</u>	<u>6.443</u>	<u>3.503</u>

	31 December 2015					
	Trade Receivables	Bank deposits	Other current assets	Bank loans	Fixed assets supplier	Other current liabilities
PMF	-	-	2.856	-	-	-
Surpapel SL	57	-	912	-	-	2.500
Medialivros	-	-	-	-	-	-
Novo Banco	-	349	40	8.965	-	-
CGD	-	53	110	10.678	-	-
BCP	36	799	57	95.950	-	1.077
	<u>93</u>	<u>1.201</u>	<u>3.974</u>	<u>115.593</u>	<u>-</u>	<u>3.577</u>

The transactions during the first six months 2016 and 2015 with entities related to the Group are as follows:

	2016			
	Sales and service rendered	Other income	Other costs	Financial costs
PMF	-	106	-	-
Surpapel SL	87	-	5	-
Megapapier	-	-	63	-
Novo Banco	-	-	-	401
BCP	131	-	-	1.718
CGD	257	-	-	402
	<u>475</u>	<u>106</u>	<u>68</u>	<u>2.521</u>



	2015			
	Sales and service rendered	Other income	Other costs	Financial costs
PMF	-	142	-	-
Surpapel SL	122	-	7	-
Megapapier	-	-	-	-
BCP	137	-	-	1.629
CGD	253	-	-	430
	512	142	7	2.059

The related parties considered relevant for the purposes of the financial statements were the subsidiaries and associates mentioned on Note 9, 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.

During the second quarter of 2015, was filed a lawsuit against Inapa-IPG, by its shareholder Parcaixa SGPS, S.A., in which claims:

- a) Annulment of the deliberation adopted by the General Meeting in 28 April 2015, that approved to transfer to Free Reserves the amount of 1,973,533.63 euros and to Retained Earnings the amount of 623 euros, arguing that these amounts should be affected to the payment of the preferred shares priority dividend;
- b) Be issued a judgment, in substitution of the deliberation, in which is announced that the amounts affected, by the General Meeting deliberation, to Free Reserves and to Retained Earnings, be affected to the payment of the preferred shares priority dividend.

## 20. SUBSEQUENT EVENTS

PARCAIXA - SGPS, SA filed an action against INAPA for the annulment of the social deliberation for the application of results adopted at the General Assembly Meeting of April 28, 2015.

By judgment delivered in case nº 14 842 / 15.9T8LSB of the Court “*Tribunal da Comarca de Lisboa, Inst. Central, 1ª Secção de Comércio – J1*”, it was decided:

- a) annulment of the social deliberation of application of results adopted at the General Meeting of April 28, 2015;



- b) to absolve INAPA of requests for:
- (i) against it being rendered sentence substitute of the social deliberation and with the same effects, meaning, that the amount allocated by the General Assembly Meeting to Other Reserves is affected to the payment of priority dividends;
  - (ii) payment of the sum of € 976 574.89 in respect of 49.47% of the preferred shares held by the plaintiff in respect of the partial payment of the priority dividend for the year 2012, plus legal interest;
  - (iii) Conviction in the payment of a periodic penalty, under the terms provided for in article 829-A of the Civil Code, in the amount of € 500.00 per day of delay in complying with the judgment.

On September the 19th, INAPA submitted to the French Competition Authority a request for a prior assessment in respect of a possible acquisition of the whole of Papyrus' AB ("Papyrus") operation in France.

PAPYRUS operation in France is focused on the distribution of paper to the graphic and office segment and in 2015 had a turnover of 156.5 million euros

INAPA and Papyrus have initiated preliminary discussions and signed a non-binding letter of intent.

Any eventual transaction that may arise from the discussions between INAPA and Papyrus shall be subject to customary regulatory approvals, including French Competition Authority who will be conducting an early marketing test in the short term.

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



## 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	Preferential Shares	Voting rights
Álvaro João Pinto Correia	0	0	0%
Diogo Francisco Bastos Mendes Rezende	0	0	0%
António José Gomes da Silva Albuquerque	0	0	0%
Frederico João de Moser Lupi	0	0	0%
Arndt Klippgen	0	0	0%
Emídio de Jesus Maria (mandate ended on the 15/04/2016)	0	0	0%
António Pedro Valente da Silva Coelho (mandate started on the 15/04/2016)	0	0	0%
João Miguel Pacheco Sales Luís	0	0	0%
Gonçalo Faria de Carvalho	0	0	0%

#### Chartered Accountant

Name	Ordinary Shares	Preferential Shares	Voting rights
Deloitte & Associados, SROC, S.A., represented by: - Jorge Carlos Batalha Duarte Catulo – ROC efetivo	0	0	0%
Carlos Luís Oliveira de Melo Loureiro, ROC suplente	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 the year 2016 there were no transactions registered by any of its Governing Bodies members.





### 5.3. Statement of conformity

In compliance with the content of nº 1, Paragraph c) of Article 246 of CVM, the members of the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA hereby declare that, to the best of their knowledge, the information contained in the abridged consolidated financial statements reported to the six months ended on June 30, 2016 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, September 23, 2016

**Álvaro João Pinto Correia**

Chairman of the Board of Directors

**Diogo Francisco Bastos Mendes Rezende**

Member of the Board of Directors and CEO

**António José Gomes da Silva Albuquerque**

Member of the Board of Directors and CFO

**Frederico João de Moser Lupi**

Member of the Board of Directors and COO

**Arndt Klippgen**

Member of the Board of Directors

**António Pedro Valente da Silva Coelho**

Director and Chairman of the Audit Committee

**João Miguel Pacheco Sales Luís**

Director and member of the Audit Committee

**Gonçalo Faria de Carvalho**

Director and member of the Audit Committee

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



## 5.4. Auditor report

**Deloitte.**

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### **REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Translation of a report originally issued in Portuguese)

#### **Introduction**

We have reviewed the accompanying condensed consolidated financial statements of Inapa – Investimentos, Participações e Gestão, S.A. ("the Entity") as of June 30, 2016, which comprise the balance sheet (that presents total assets of 642,989 thousand Euros and total equity of 190,027 thousand Euros, including a net profit of 271 thousand Euros), the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the disclosures to the condensed consolidated financial statements.

#### **Management's Responsibility**

Management is responsible for the preparation of the condensed consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union, and to create and maintain internal control necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and additional technical standards and ethical guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards requires us to perform our review in order to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries and applying analytical procedures, and evaluates the evidence obtained.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the condensed consolidated financial statements.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Inapa – Investimentos, Participações e Gestão, S.A. as of June 30, 2016, are not prepared, in all materials respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

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# Deloitte.

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Registo na CMVM nº 20161389

## Emphasis of matter

Without modifying our conclusion, we draw your attention to the fact that the consolidated financial statements as of December 31, 2015 were audited by other auditor that issued an unmodified Audit Report dated 23 March, 2016, that does not include any emphasis of matter.

Lisbon, September 26, 2016

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Deloitte & Associados, SROC S.A.  
Represented by Jorge Carlos Duarte Batalha Catulo



## 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](http://www.inapa.pt)

### Investor Relations

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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

**Inapa – Investimentos,  
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