inapa

2013 ANNUAL REPORT

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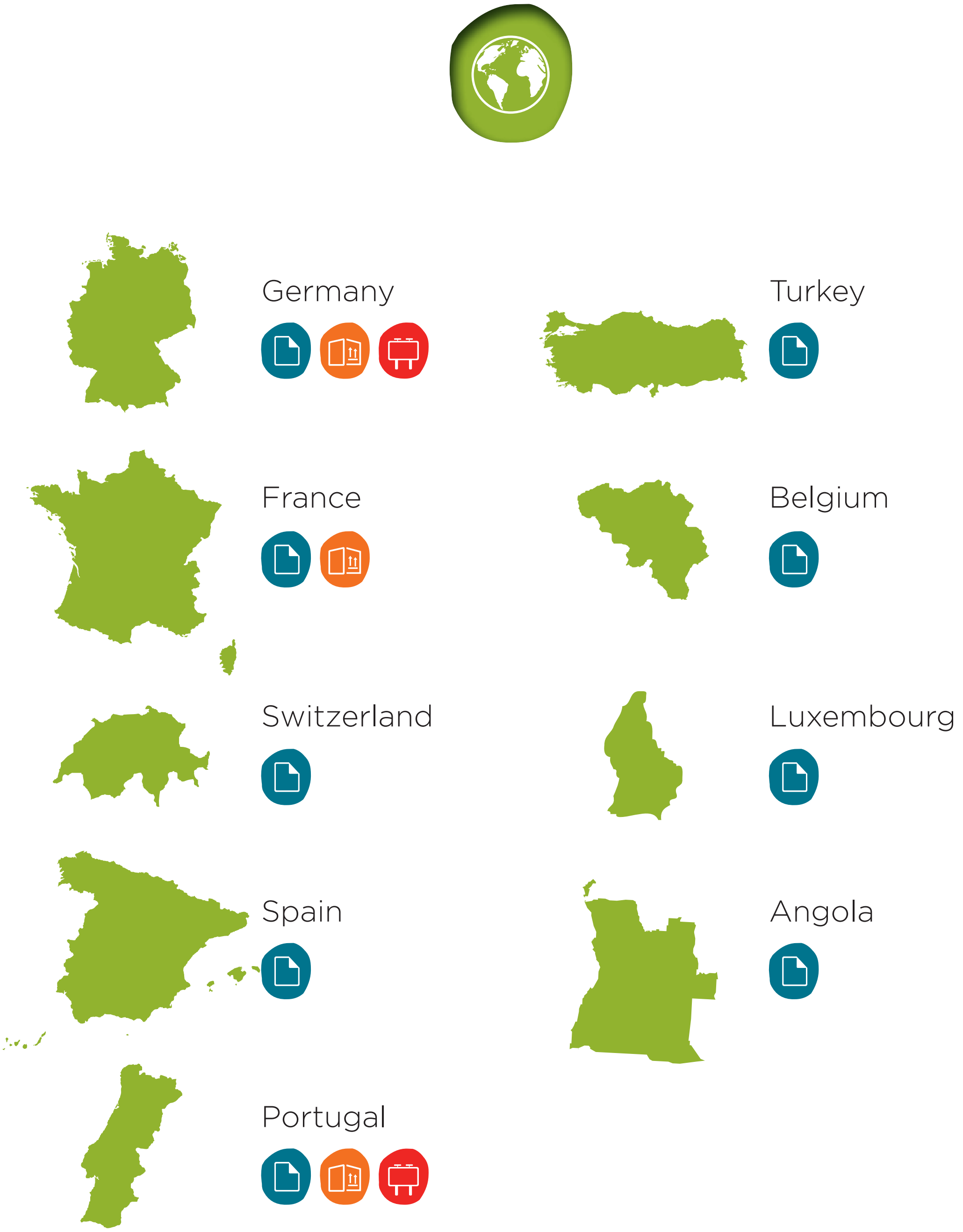
Index

PRESENCE IN 9 COUNTRIES

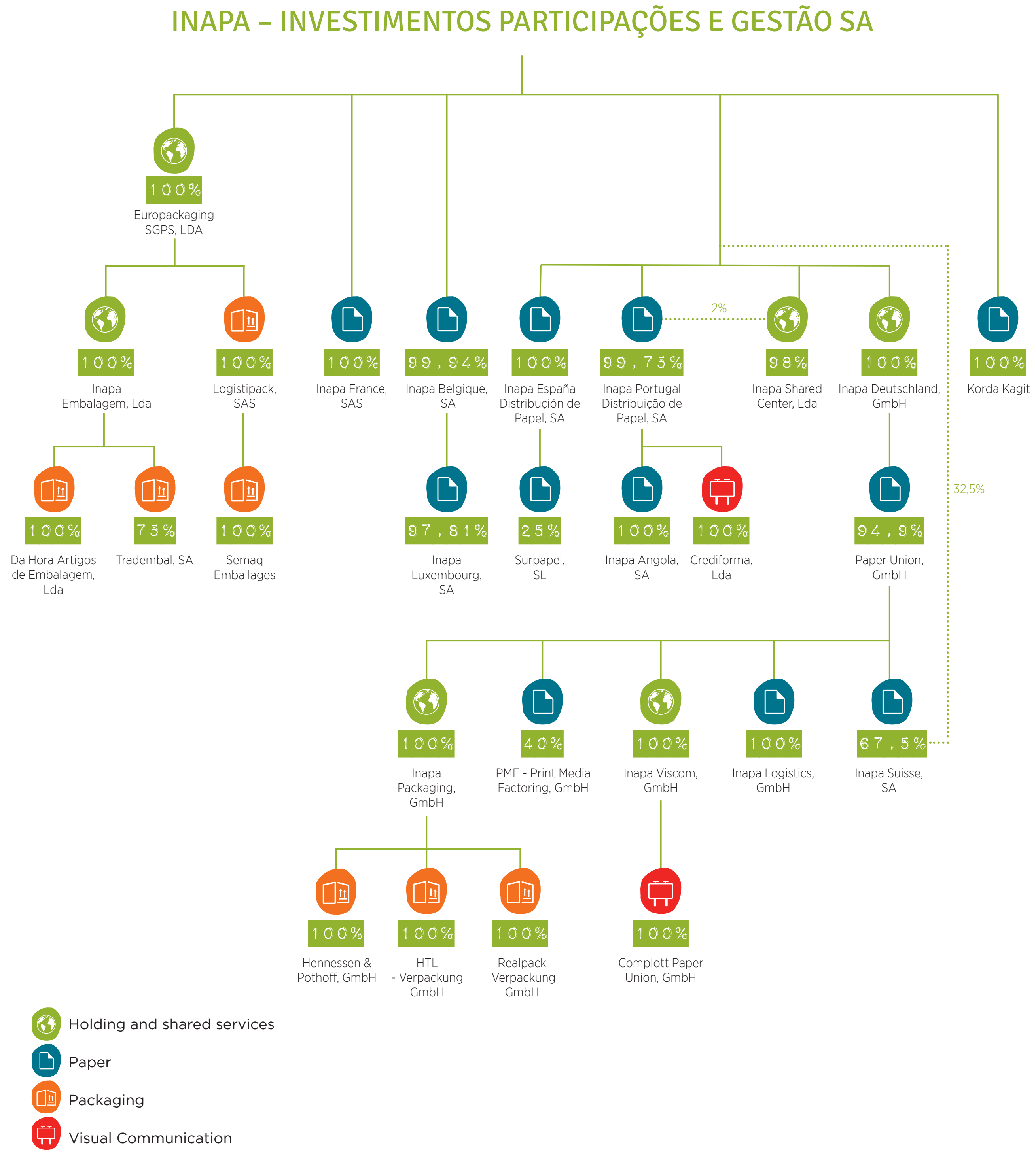


INAPA
GLOBAL

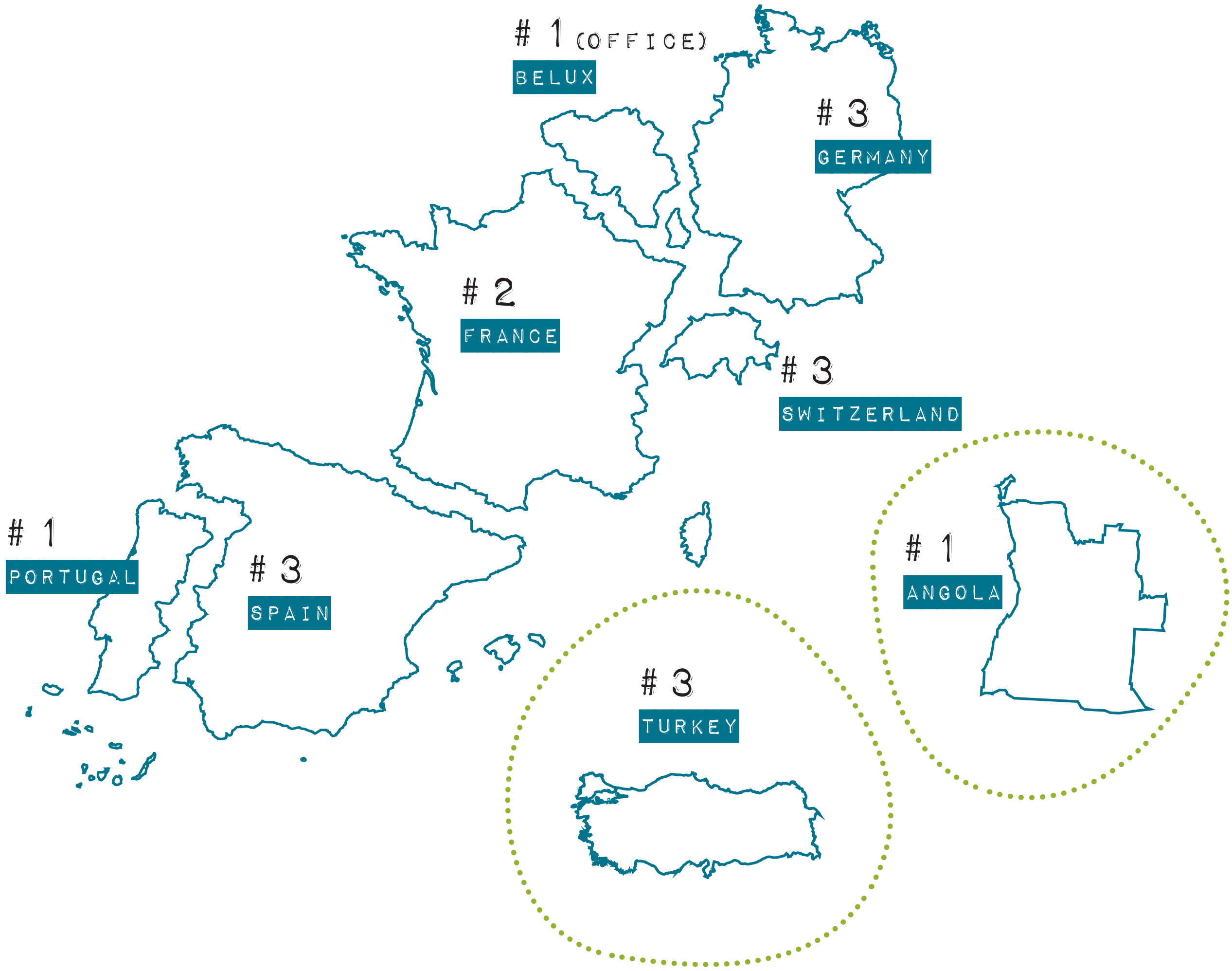
CONSIDERED FOR THE THIRD CONSECUTIVE YEAR THE COMPANY WITH BEST CORPORATE GOVERNANCE IN PORTUGAL.

Know more about Inapa's Corporate Governance awards

Group Holding Structure



INAPA IS ONE OF THE LEADING GROUPS IN PAPER DISTRIBUTION IN EUROPE



Paper

Full service provider for the graphic and office industry - paper and printing consumables supply.

Packaging

Customized solutions and a complete range of packaging products.

Visual Communication

A complete range of products and services for the large format digital printing – printers, inks/ toners, media, software and technical support.

Message from the CEO

2013 was an important year in Inapa's repositioning and recovery process. In addition to the economic and financial performance improvement, we achieved important goals in the context of our Strategic Plan in order to position the Group for growth, profitability improvement and sustainability strengthening. A significant progress was done in all subsidiaries to improve efficiency, productivity and customer service.

The strict execution of the Agenda 2020 also lead to Inapa's strengthening.

The macroeconomic framework brought great challenges, in part because of the decreasing demand in European markets. However, the strict implementation of the planned strategy allowed an improvement of the performance and the return to positive results, the continuation of the gradual reduction of debt, despite the effort of building and solidifying the foundation for a strong and sustainable future, based on the investment in complementary businesses, as well as in markets with growth potential.

Our main business, paper distribution, was still affected by external factors, such as the negative environment of the European economies, which had a strong influence on paper demand. All around Europe there has been a reduction of the investment in advertising and a greater effect of substitution by alternative media.

Despite these difficult market conditions, in the last 3 years Inapa was able to strengthen its position. We are a European reference in paper distribution, with leading positions in all markets. We are also a reference in terms of operational efficiency, due to one of the highest levels of operational profitability of the sector. 2013 consolidated net results show a recovery of 7.3 M€, to 1.3 M€. To achieve this performance, there was a margin improvement of 0.5 p.p. and the reduction of 8.5 M€ in the operating costs.

We managed our P&L, but also our balance sheet. Despite the strategic investment, we continued our efforts to reduce debt, with a reduction of 4.9 M€ in net debt compared to the last year, achieved through the internal generation of funds and a better management of the working capital.

On a strategic level, we keep our focus on improving the profitability to enable shareholder's value creation, on growth and on business diversification. The Agenda 2020 states four strategic goals in the Group's management on a medium and long term perspective:

i) sustainable growth through business and market diversification;
ii) maintaining a leadership position;
iii) improving efficiency;
iv) strengthening the balance sheet by reducing financial leverage.

In 2013, we performed important actions and initiatives to ensure a positive progress towards the set goals. In terms of growth and diversification, in the paper business, we entered Turkey, one of the most dynamic markets in the world, by acquiring one of the local leading companies in paper distribution: Korda. In the packaging area, we acquired companies in Germany (Realpack), France (Karbox) and Portugal (Tradembal) enhancing our geographic scope, improving the product portfolio and generating important synergies for the development of this business inside the Group. In

Portugal we have entered in a new business area, visual communication, with the acquisition of HP largest distributor in large-format printing, Crediforma. Simultaneously, we sold non-core assets, like the factoring business in Germany, helping to finance the investment and reduce the debt.

With regard to efficiency, we keep the profitability recovery effort of the core business. We assume that demand for paper will keep decreasing, which together with the production capacity excess, will keep the margin pressure. However, our goal is to continue to be a benchmark in the sector, and we've executed a number of initiatives to improve the efficiency of the paper business in the five major markets, seeking to readapt the structure to this new market reality.

In Germany the commercial structure has been resized and fostered a new model to serve smaller customers, in France the procurement processes were adjusted, in Spain the customer service was redesigned, in Portugal the commercial structure has been simplified and the Swiss team was reinforced. All these initiatives allowed us not only better serve our customers but also improve the business profitability.

The year under review also marks an important milestone in the effort made by the Group in terms of communication and training of its staff and employees in general. We want the management team, which on a daily basis builds our future, to be a benchmark of excellence. This is a critical condition to face our future challenges.

Together with the commercial area, the Shared Services Centre, based in Portugal, has extended its intervention ensuring service delivery in Portugal, Spain and Switzerland. In terms of IT, in 2013 we've completed the integration of all European operations in the same infrastructure and simultaneously concluded the implementation of the Group's management system, ISI, in France, and began the integration project in Germany. These were important milestones to improve the efficiency of our business model, our processes, our ability to execute and control and also obtain savings and improve the sustainability.

The initiatives we've launched, such as the growth of the packaging and visual communication businesses, the entry into emerging markets and the decreasing of operating and financial costs allowed to compensate the exogenous factors, the registered reduction of paper volumes due to the lower demand.

We have a strong and committed team, with common vision and goals, which will allow us to achieve our medium and long term goals.

"On a strategic level, we keep our focus on improving the profitability to enable shareholder's value creation, on growth and on business diversification."

Our strategic agenda to consolidate Inapa's recovery, enhancing sustainability and preparing the Group for the future is being executed. We want to not only consolidate our leadership position in existing markets, but also expand to emerging markets. Angola and Turkey were the first, but we want to grow in other markets with good growth perspectives and profitability. We will continue to take an active role in the consolidation of the packaging distribution area in order to achieve a reference position in the European market. In visual communication we intend to have a significant position in the five major markets in which we operate.

The effort to reduce debt levels will remain as a priority for the Group. We will continue to improve our working capital levels, we will fivest of non-core assets and seek alternative options to rebalance the capital structure.

I would also like to congratulate all the employees, customers, suppliers and financial institutions that in 2013 contributed to the performance and development of Inapa.

I am confident that we will accomplish our goals.

Group Profile

Inapa is one of the leading groups in paper distribution in Europe, with annual sales near 900 million Euros and an important position in all markets where it operates.

Additionally, Inapa is the only listed company in the paper distribution sector in Europe.

Inapa began its activity in 1965 in the paper production sector, but divested from this business in 2000 to focus on the distribution of paper. In 2007 Inapa assumed the distribution of Packaging and Visual Communication solutions as the areas of growth and development, since they present significant growth rates and higher contribution margins than those on paper business.

Inapa - Investimentos, Participações e Gestão, SA is the company that consolidates the operating companies in the paper, packaging and visual communication businesses.

Watch the video about the Group strategy

Paper Distribution

800,000
TONNES

The paper distribution sector in Europe generates around 9 million tonnes, representing a value of 9 billion euros and employing over 25 thousand people.

With about 820 thousand tonnes annually distributed, Inapa is currently one of the leaders among European distributors of paper.

To meet the needs of its 70,000 customers in 9 countries in which it operates, Inapa offers a portfolio of more than 12,000 references of paper.

Inapa presents itself today as a full service provider, complementing the paper business with the supply of consumables for the printing and office industry and logistics services. Additionally, in order to respond to the increasing complexity of graphic printing, the Group provides its clients with specialized teams for technical advice.

Inapa ensures a delivery service within 24 hours anywhere in the markets where it operates and within only 12 hours in the major economic centers.

This level of service requires more than 5,000 deliveries per day and is guaranteed from 27 warehouses and logistics platforms.

In 2013 the distribution of paper represented approximately 85% of Inapa's turnover and the sale of office papers represented about 25% of this turnover.

Graphic supplies

The privileged relationship with clients and the deep expertise of the teams make the graphic supplies distribution business a logical extension of the distribution of graphic papers area. This circumstance, together with the knowledge of customers' needs, enabled the Group to be innovative in the industry and position itself as a global supplier to the printing industry and contribute to creating value for its customers.

The turnover and penetration achieved alongside the recognition by customers of the value generated by this approach, justify the positive expectations on the growth of this business, especially since this has been the segment which has shown greater synergies with the paper merchanting business.

Inapa's portfolio of graphic supplies was developed based on partnerships with brands with recognized notoriety, and includes an extensive range of products, from inks to cleaning products, additives, printing blankets, plates and varnishes, among others, which create a quality portfolio with a comprehensive offer. Environmental concerns prevailed in the composition of this portfolio, particularly with that regards to inks, all of which are produced with renewable vegetable raw materials.

In what concerns the development of this business, Inapa has celebrated new partnerships with well-known brands in the graphic supplies segment with Heidelberg, for the sale of consumables of the Saphira range. Heidelberg is the world leader in printing solutions supplies, and its core business covers the entire production chain with equipment, services and consumables for offset printing and digital printing solutions. Complementing the partnership that began in 2009 with Sun Chemical, this partnership has allowed expanding the portfolio of products and foster cross-selling to existing customer base.

Office supplies

In the office paper segment Inapa's customer base is comprised by firms, offices and public entities, who have special needs and a demanding service level.

In order to provide these customers with one single point of contact and a single supply, Inapa developed a division for the distribution of office supplies.

For this purpose partnerships were established with some of the most relevant operators in this area, including Spycers and Waser, aiming to provide those customers the widest range of office consumables and a high level of service.

In this context we emphasize the partnership between Inapa Portugal and Liderpapel, a Spanish group which is the exclusive distributor in Portugal for several prestigious international brands.

Through this partnership Inapa Portugal offers a wide range of office supplies, with more than 8,500 references, especially targeting the mid-sized companies.

Inapa currently develops the distribution of office supplies in Portugal, Belgium, France, Switzerland, Germany and Spain.

The future will pass certainly by the expansion and development in the markets where Inapa is present, with a very remarkable growth potential, alongside the introduction of this business model in other countries where it operates.

Logistics services

As a service provider in the printing and packaging businesses, Inapa developed several solutions to meet the needs of its customers. The provision of logistics services is, in this sense, an asset in any of the markets where it is available, to help boost the competitiveness of its clients.

With about 300 trucks in circulation and many other employees to serve a storage area over 180 square meters - an offer unique when it comes to transportation and storage services - Inapa is able to act as a logistics operator for its customers with the consequent efficiencies and savings that this process allows.

Inapa's offer stands out by combining logistics expertise with extensive knowledge of the paper industry, making Inapa a reference in logistics services for the printing industry.

Packaging

63M€
SALES

The distribution of packaging solutions and materials is Inapa's second most important business.

With operations in Germany, France and Portugal, this business has multiple synergies with the paper distribution and cross selling potential, both for customers in the graphic or office segments.

The European packaging distribution market presents a significant size, coexisting in it generalist and specialized distributors, focusing on only one type of packaging material or a limited number. Economic globalization - specialization and geographic concentration of production, change in consumer behavior and, in particular, the increase in online sales - caused a very significant increase in the needs for safe, fast and versatile packaging of all assortment of products, leading to foresee sustained growth in consumption over the medium to long term.

Packaging is, in many cases, the first point of contact between customers and suppliers or products, making it a critical area for companies, making putting pressure to not keep and venve increase the investment in this area, being an additional factor for boosting the packaging demand. Inapa, alongside the distribution of packaging materials, also develops technologies and unique packaging concepts, offering customers not only the unique design of their packaging, but also the filling and logistics services that may be associated.

The Group anticipates an increase of the weight of the distribution of packaging materials and solutions in its consolidated sales, as a result not only of the expansion of this business segment to other geographies in which Inapa operates, but also organic growth of the existing units. 2013 was a year of growth for the packaging area, with the acquisition of Realpack, which operates in the south of Germany, as well as the Portuguese company Tradembal, which operates both in the North and South of Portugal, and Karbox's (French company) business.

180
EMPLOYEES

Visual Communication

80

EMPLOYEES

We keep track of the new printing technologies, the innovation of the support materials and the new communication concepts;

Given the potential of this new market, and the strong complementarity with the paper business, Inapa decided in 2007 to acquire Complott, a major operator in the German market.

Visual Communication is the segment with the highest growth rate in the printing industry, including not only the print media but also consumables, sales of printing equipment, software and maintenance.

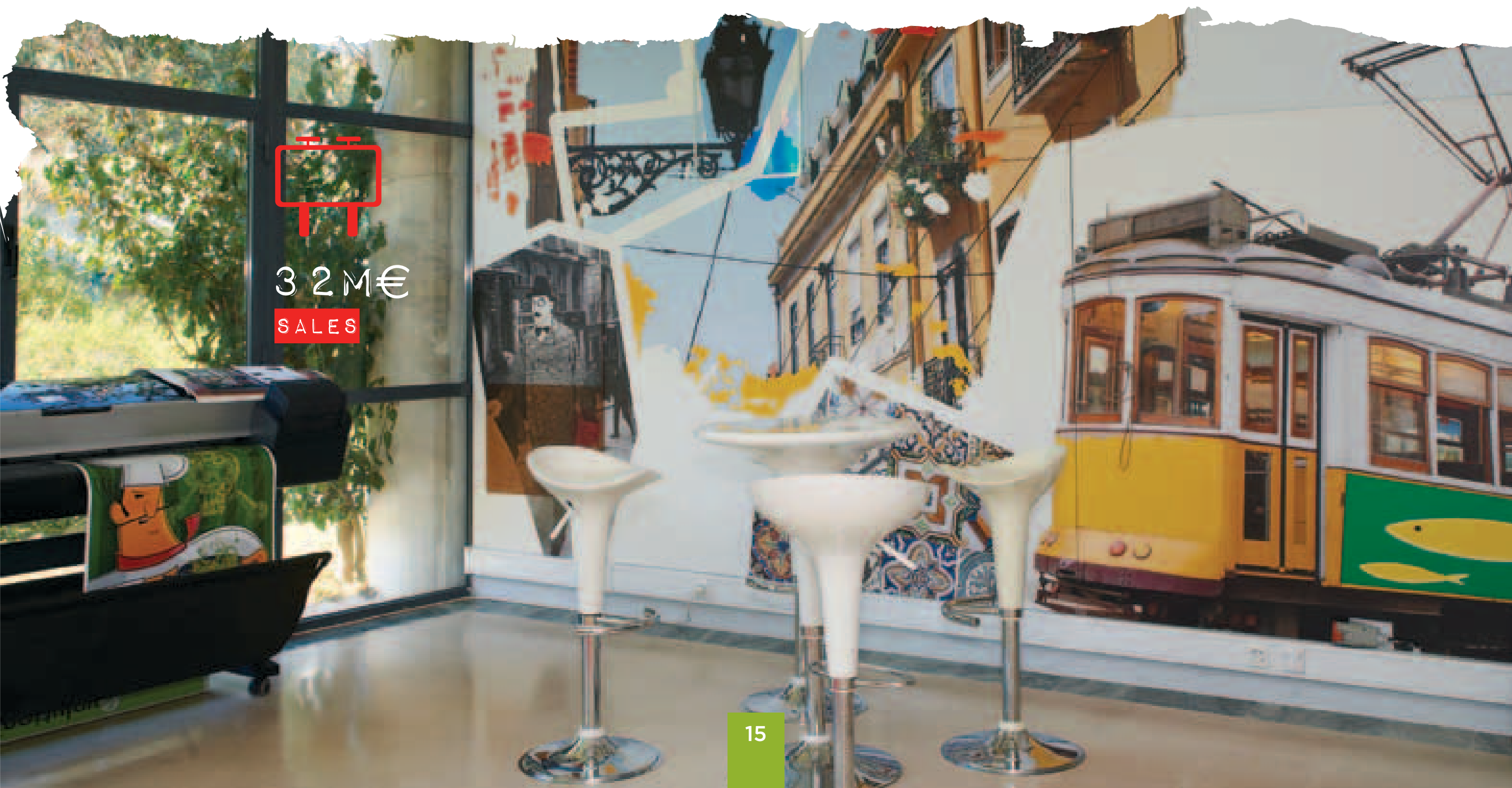
The fast development of digital printing technology combined with the large format printers, created a new market for graphic applications. The large format printers, with 60 centimeters to 5 meters wide, allow the most varied type of prints in a wide range of media, such as paper, canvas, vinyl, film, fabric or wood.

These developments allow for applications as diverse as the outdoor advertising panels, indoor advertising, sign making, printing for use in furniture or domestic appliances and advertising in buildings' roofs as well as in different transportation means.

On the German market Inapa is currently the 3rd largest operator, operating through its subsidiary, Complott Papier Union, which in late 2011 acquired the company FLS Bildsysteme Vertriebs GmbH, located in southern Germany, consolidating its market position.

In 2013, Inapa Group entered the visual communication area, with the acquisition of Crediforma. This company is HP biggest large format printing distributor in the Portuguese market.

This business has proven to be extremely positive, justifying the favorable future expectations, both in terms of performance and organic growth in the markets where this activity is already running, as well as regarding the extension to other markets where Inapa is present.



History

1965

Inapa Foundation

1968

PAPER production begins

1978

Acquisition of J. Gaspar Carreira (Portuguese paper merchant and envelope manufacturer).

1980

1987

Group is restructured, transforming Inapa in a holding.

Foundation of Edições Inapa (Portugal).

1989

Acquisition of Sacopapel (Portugal).

1992

Paper merchant business expands, with 10 warehouses (5 in Continental Portugal, 2 in Azores, 2 in Spain and 1 in the UK).

1998

Acquisition of Mafipa Group (France, Belgium, Luxembourg, Switzerland) in June.

Acquisition of Tavistock Paper Sales (UK).

S.D.P. robotizes its main warehouse (Sintra/ Portugal).

1999

Foundation of IDISA (Spain).

Acquisition of Lucchetti Decart (Italy).

2000

Works begin in the new logistics center in Madrid.

Papéis Inapa is sold to Papercel/Portucel (February 25th).

Inapa focus in paper merchant business.

Acquisition of Papier Union, the third largest paper merchant in Germany (the Group has now business operations in 10 countries).

Acquisition of Buropapier (Belgium).

2001

Launch of the first own-brand INAPA-TECNO

2002 — 2004 — 2005 — 2006/7 — 2008 — 2009 — 2010 — 2011 — 2012 — 2013

2002

Open the new logistic center of IDISA, in Leganés (Madrid).

•

Launch of the first Inapa Group e-commerce website www.papel.online.pt

2004

Acquisition of Baumgartner – Swiss paper merchant.

2005

Acquisition of Olímpia – Belgium paper merchant.

2006/7

Acquisition of HTL - GmbH Verpackung e da Hennessen GmbH & Potthoff – packaging companies in Germany.

•

Acquisition of Logistipak, SAS – French packaging company.

2008

Acquisition of Complott Arte Vertrieb, GmbH – Visual Communication company in Germany.

2009

Start-up of Inapa Angola.

2010

Acquisition of Burgo business in Spain, becoming the third largest paper merchant.

2011

Sale of Tavistock Paper Sales (UK).

2012

Acquisition of the packaging companies Semaq (France) and Da Hora (Portugal).

•

Sale of the factoring business Print Media Factoring (Germany).

2013

Entrance in the Turkish market thorugh the acquisition of the paper merchant Korda.

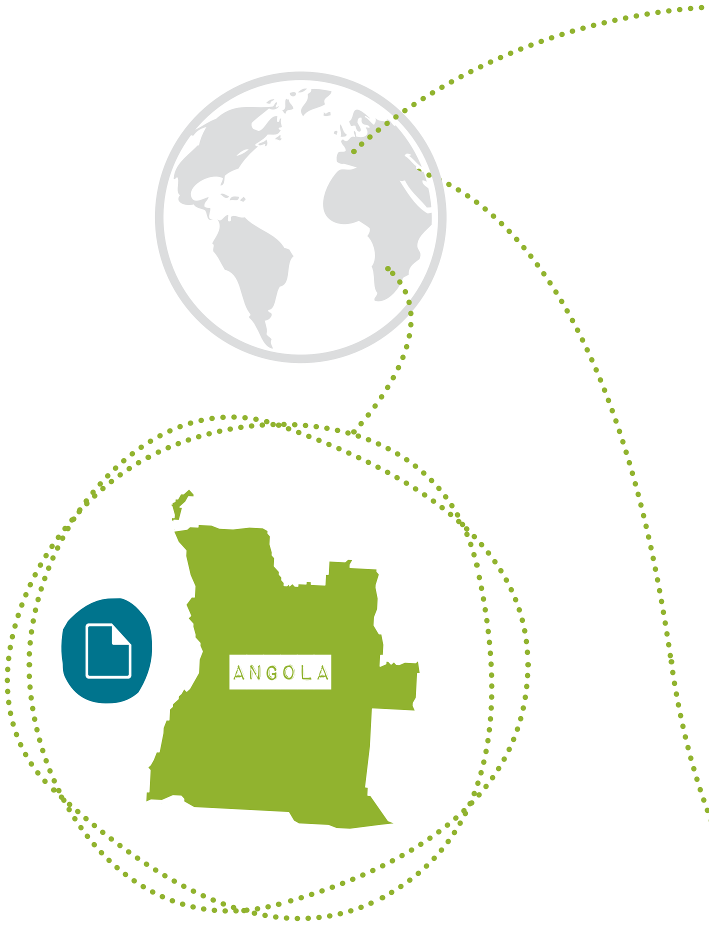
•

Acquisition of the packaging companies Tradembal (Portugal) and Realpack (Germany).

•

Acquisition of the Visual Communication company Crediforma (Portugal).

Markets



The Inapa Group is active in 9 countries: Germany, France, Spain, Portugal, Switzerland, Belgium, Luxembourg, Turkey and Angola.

Inapa holds a leadership position in all markets in which the company is present, always in the top three market players. Although the Group was founded in Portugal and have its headquarters there, most of the revenue comes from operations in other European countries, with Germany and France accounting for about 80% of Group revenues.

The Group provides its more than 70,000 customers, from the several business areas in which the business is divided, a portfolio of more than 12,000 references of paper, 16,000 references of office supplies, 4,000 references of packaging and a full range of materials for visual communication and graphic supplies.

With over 300 trucks circulating daily and a storage area of over 180 square meters spread over 27 warehouses and logistics platforms, the Group annually ensures the placement of about 850 tons of paper to its customers.

In Germany Inapa has the subsidiaries Papier Union, whose sales represented approximately 55% of Group paper sales, Inapa Packaging and Complott Papier Union in the Visual Communication area. This is the Group's largest market, holding a market share of approximately 17%.

In France Inapa is the second largest distributor, with this market's sales representing about 25% of total group sales. In France Inapa holds Inapa France, in the paper business, Logistipack and, since 2012, Semaq in the packaging business area.

Inapa Spain is currently the third largest player in the Spanish market, after the acquisition of the paper distribution business of the Burgo Group in Spain under the brand Ebix in 2010. Its sales represent about 8% of consolidated paper sales.

Inapa Portugal is the leader in the Portuguese paper distribution business. The Portuguese subsidiary's sales represent approximately 5% of the group's paper sales. In Portugal, the group also has Tradembal and Da Hora, both focused in the business of packaging distribution, and Crediforma operating in the visual communication area.

Inapa Switzerland is one of the leading merchants in the Swiss market. Inapa has distinguished itself from other competitors by introducing several innovations, such as the online platform for the office customer area.

In Belgium and Luxembourg Inapa companies are focused primarily in the office segment, being the leading distributors of paper in that segment. The combined sales of these geographies represent approximately 2% of the group's total paper sales.

Angola was the second last country in which the Group invested, in 2009, and the first outside Europe. This entry is part of Inapa's paper business consolidation strategy, by exploring the potential in less mature markets. The results are already quite positive. In the last year operations in Angola continued to grow strongly and contributed positively to the Group's performance.

In 2013, Inapa has entered in the Turkish market with Korda acquisition. Korda is one of the leading paper merchants in this market, being one of the few with a national scale, with 4 warehouses (Istambul, Ankara, Izmir e Adana).

Strategic guidelines

AGENDA 2020: a medium to long term strategy

Inapa's strategic guidelines are based in 4 key vectors:

I. Sustainable growth with market and business areas diversification;

II. Reducing the business risks through less exposure to mature markets;

III. Hold a leadership position in the paper business in the markets where we are represented;

IV. Reducing the financial leverage.

Growth and diversification are the key factors to reach sustainability and guarantee shareholder's market return.

Over the past three years Inapa doubled the business, reaching more than 100 million euros in sales per year. Inapa already has a reference position in the European packaging distribution market in Germany, France and Portugal. The Group is also developing the Visual Communication area in the core markets where it operates. In Germany and Portugal, Inapa already holds leading positions in this growing area. This business is also increasing in other European countries as well as in Angola.

Alongside with the business diversification, Inapa also continues to search for new geographies, especially in emerging markets, with growth and profitability potential, where we can explore our synergies. Our business development will focus on markets with value creation potential, because of lower per capita paper consumption, and macroeconomic growth potential, with legal and regulatory stable frameworks.

With the Turkish market entry and the Angola operation, Inapa is already in two markets with great growth potential and the ability to develop the complementary business strategy.

Besides the business diversification effort, Inapa's strategic goal is also to maintain the leadership in the markets where the company holds position. Inapa should preserve the leadership position in all these markets, continue to adjust the local operational model to improve results and leverage the dimension and geographic scope as a Group in order to optimize central costs. The main goal is to position the Group in the Top 3 in terms of volume and achieve operational profitability levels above our peers.

Finally, regarding our financial independence, the Group will continue the effort to reduce furthermore the financial leverage, to attain a sustainable financial structure. We will reduce the debt through cash flow generation, asset sales and partnerships. Simultaneoulsy, the medium to long term debt maturity shall be balanced to approach the debt level to the sector benchmarks.


LAS VEGAS
NEVADA
Restaurant
JACKPOTS
CASINO
HIGH LIMIT
Slots

Statutory bodies

Pursuant to a resolution of the General Assembly of Shareholders dated the May 31st 2007, the Company adopted the provisions of Subparagraph b) of Paragraph 1 of article 278 of the CSC (Portugal's Companies Act) as its administration and supervisory model, which comprises a Board of Directors, an Audit Committee and a Chartered Accountant and Auditor.

THE COMPOSITION OF THE AFOREMENTIONED STATUTORY BODIES IS AS FOLLOWS

Chair of the General Assembly of Shareholders

- **João Vieira de Almeida**
  CHAIRMAN
- **Sofia Barata**
  SECRETARY

Board of Directors

- **Álvaro João Pinto Correia**
  CHAIRMAN
  Election Year 2010 - Age 81
- **José Manuel Félix Morgado**
  VICE-CHAIRMAN OF THE BOARD
  CHAIRMAN OF THE EC
  Election Year 2007 - Age 53
- **Jorge Manuel Viana de Azevedo Pinto Bravo**
  MEMBER OF THE BOARD/EC
  Election Year 2010 - Age 51
- **António José Gomes da Silva Albuquerque**
  MEMBER OF THE BOARD/EC
  Election Year 2010 - Age 61
- **Emídio de Jesus Maria**
  MEMBER OF THE BOARD
  CHAIRMAN OF AC
  Election Year 2008 - Age 62
- **João Miguel Pacheco de Sales Luís**
  MEMBER OF THE BOARD/AC
  Election Year 2013 - Age 54
- **Gonçalo Cruz Faria de Carvalho**
  MEMBER OF THE BOARD/AC
  Election Year 2013 - Age 47
- **Arndt Jost Michael Klippgen**
  MEMBER OF THE BOARD
  Election Year 2007 - Age 63

Executive Committee (EC)

- **José Manuel Félix Morgado**
  CHAIRMAN
- **Jorge Manuel Viana de Azevedo Pinto Bravo**
- **António José Gomes da Silva Albuquerque**

Audit Committee (AC)

- **Emídio de Jesus Maria**
  CHAIRMAN
- **João Miguel Pacheco de Sales Luís**
  MEMBER
- **Gonçalo Cruz Faria de Carvalho**
  MEMBER

Remunerations Committee

- **João Vieira de Almeida**
  CHAIRMAN
- **Pedro Vilas Boas**
  REPRESENTING MILLENNIUM BCP
- **Maria Isabel Baltazar Moreira da Silva Trindade Salgado**

Chartered Accountant and Auditors

- **Pricewaterhouse Coopers & Associados, SROC, Lda representada por José Pereira Alves**
  CHARTERED ACCOUNTANT
- **José Manuel Henriques Bernardo**
  ALTERNATE CHARTERED ACCOUNTANT

inapa

1470
employees
working with
you

Corporate Governance

General Assembly of Shareholders

Board of Directors

Álvaro Correia [Chairman]
José Morgado [Vice-Chairman]
Jorge Bravo
António Albuquerque
Emídio Maria
João Sales Luís
Gonçalo Faria Carvalho
Arndt Klippgen

Remunerations Committee

Audit Committee

Emídio Maria [Chairman]
João Sales Luís
Gonçalo Faria Carvalho

Executive Committee

José Morgado [Chairman]
Jorge Bravo
António Albuquerque

Chartered Accountant

PricewaterhouseCoopers & Associados, SROC, Lda

BOARD OF DIRECTORS

Arndt Klippgen

Gonçalo Faria Carvalho

Jorge Bravo

José Félix Morgado

The corporate governance model adopted assigns the following competences to the corporate governance bodies:

• The **Board of Directors** represents the Company and manages its business operations but is, in this instance, subjected to the resolutions of shareholders and to instructions issued by the Audit Committee where applicable legislation or the provisions of the Company's Articles of Association so dictate, as well as deliberates on the matters set out in the provisions of Sub-paragraphs a) to n) of Article 406 of the Companies Act, and:

- Delegates the day-to-day management of the Company and any other powers it may deem fit to delegate on an Executive Committee of the Board by special resolution to the effect;
- Delegates, subject to the limitations set out in applicable legislation, specific management powers on one or more of the Directors of the Company under necessarily defined limits;
- Resolves on whether to issue binding instructions to Subordinated Companies, in conformance to the provisions and subject to the limitations set out in applicable legislation;
- Resolves on the plan and budget of the Company and its Subordinated Companies, under recommendation of the Executive Committee;
- Makes investment or disinvestment decisions of relevance concerning and to be effected by Subordinated Companies;
- Resolves on the acquisition and sale of majority or controlling shareholding interests as well as on transactions that are subject to special purchase and sale proceedings in compliance with the provisions of the Securities Market Code ("CodVM");
- Resolves on possible company splits, mergers, or dissolution transactions by Subordinated Companies or companies where Inapa holds an interest;
- Resolves on any matter that any of its Directors may submit to the Board for resolution;

In this regard, it is important to note that Non-Executive Directors have a duty to monitor the performance of the Executive and Audit Committees, to air their views on matters that fall under the scope of duties of the Board where they sit or that may be submitted to it by either of the aforementioned Committees, and to act in an advisory role to the Company's executive management, which role is of the utmost relevance since it is based on an in-depth knowledge of the matters at hand while sufficiently distanced from the demands and constraints of daily management.

The performance of those duties by the members of the Board of Directors acting in a non-executive capacity has been relevant in ensuring that this governance model performs adequately, and, to date, no constraints have arisen on that account.

• The **Executive Committee of the Board of Directors** is responsible for the day-to-day management of the Company and for the following additional duties:

- Setting out plans for implementation of the Company's and Group policies, objectives, and strategy for approval by the Board of Directors;
- Setting out general guidelines concerning the Company's inter-

Álvaro Pinto Correia

António Albuquerque

Emídio Maria

João Sales Luís

nal organization for approval by the Board of Directors;

• Present operational budgets, medium and long-term investment and development plans, for approval by the Board of Directors;

• Approving contracts for the procurement of goods and services up to a limit of 500,000.00 Euros or less, per category of goods or services;

• Negotiating and contracting short-term bank finance agreements to fund the Company, subject to terms and conditions that most adequately suit the interests of the Company;

• Negotiating bank finance agreements of a term longer than a year and a day to fund the Company and its subordinated companies and the issuing of corporate bonds and commercial paper programs, for which purpose a binding of the Company under any such transactions shall be made expressly conditional to a prior resolution of the Board of Directors to the effect;

• Purchasing, selling and pledging goods or assets accounted for as fixed assets of the Company in conformance with budgets approved by the Board of Directors;

• Purchasing, selling, and pledging goods or assets accounted for as fixed assets of the Company not included in budgets approved by the Board of Directors up to a value of 1.5% percent of realized share capital per item and up to a limit of 5% of the aforementioned capital, per annum;

• Renting or letting out any buildings or sectional;

• Renting or letting out any buildings or sectional title properties;

• Represent the company in court and elsewhere, actively or passively, as well as propose and pursue actions, confess them and give up, settle and engage in arbitration;

• Purchasing, selling, or pledging shares in other companies, provided the transactions in question are included in the budget or in approved action plans not exceeding a limit of 5,000,000.00 Euros per transaction, above which limit prior approval from the Board of Directors shall be required;

• Entering into, amending, and terminating employment contracts and exercising powers of discipline over the staff;

• Opening, transacting, and closing bank accounts;

• Appointing duly mandated representatives of the Company.

• The **Audit Committee** has the following duties:

• Supervising the administration of the Company;

• Ensuring due compliance with the Law and the provisions of the Articles of Association;

• Verifying due compliance of the accounting books, records, and supporting documentation;

• Verifying, as and when it may deem fit and in the manner it may find appropriate, cash balances and stocks of any type of goods or assets owned by the Company or held in lieu of security or in trust or under any other entitlement;

• Verifying the accuracy of the financial statements;

• Verifying whether the accounting policies and valuation criteria adopted by the Company are conducive to appropriately representing its assets and results;

• Compiling an audit report on its audit and supervisory action and issuing an opinion on that report and accounts and proposals of the Board of directors, on an annual basis;

• Convening a meeting of the General Assembly of Shareholders, should its Chairman fails to do so, having a duty to so act;

• Auditing the effectiveness of the risk management system, the internal control system, and the internal audit system;

• Being the recipient of reports on irregularities which shareholders, employees or the Company, or other parties may submit;

• Auditing the process of preparation and disclosure of financial statements;

• Recommending to the General Assembly of Shareholders the appointment of a Chartered Accountant and Auditor;

• Supervising the audit of the financial statements of the Company;

• Supervising the Chartered Accountant and Auditor's independence, namely with regard to provision of additional services;

• Notifying the Office of the Public Prosecutor of any contraventions of the Law constituting a public crime of which it may have become aware;

• Contracting for the provision of expert services in order to assist one or more of its members in the performance of their duties.

• The **Chartered Accountant and Auditor** have the following duties: Under the Law, verifying due compliance of the accounting books, records and supporting documentation; verifying, as and when he or she may deem fit and in the manner he or she may find appropriate, cash balances and stocks of any type of goods or assets owned by the Company or held in lieu of security or in trust or under any other entitlement; verifying the accuracy of the financial statements; and verifying whether the accounting policies and valuation criteria adopted by the Company are conducive to correctly representing its assets and results.

Main Shareholders

As of December 31, 2013, shareholders with qualified holdings in conformity with the revisions of articles 16 of the CVM were as follows:

	NO. OF ORDINARY SHARES IAS	% OF CAPITAL IN ORDINARY SHARES	% VOTING RIGHTS
Parpública - Participações Públicas SGPS, SA	49,084,738	32.72%	32.72%
Shares attributable to Millennium BCP (art. 20º do CVM)	27,361,310	18.24%	18.24%
Fundo de Pensões do Grupo BCP	16,491,898	10.99%	10.99%
Banco Comercial Português SA	10,869,412	7.25%	7.25%
Nova Expressão SGPS, SA	9,035,000	6.02%	6.02%
Tiago Moreira Salgado	4,500,000	3.00%	3.00%
Total	**89,981,048**	**59.99%**	**59.99%**

The volume of ordinary shares traded during the year 2013 stood at 48.7 million shares, which represents about 32% of the company's share capital. No new qualified holdings in conformance with the provisions of Article 16 of the CVM Code were announced during the financial year and the position remained unchanged by its close. Total qualified holdings account for 59.99% of share capital, meaning a free-float of 40.01%.

Human Resources

Our Human Resources policies reflect the guiding principles that sustain our plans and actions. Developed in coordination with the strategic guidelines of the Group, these policies have in mind the Human aspect of Inapa.

Our HR policies are based on six objectives: attraction and commitment; development and enhancement; recognition and merit; prevention and safety; change management; conciliation of work and personal life.

As part of the policy, in line with the objectives cited above and in order to combine with the necessary sustainability of the Group, we proceeded to the relocation and redirection of some employees of the paper business to businesses in growth or to functional areas with greater needs.

EVOLUTION OF EMPLOYEES' PER GROUP SUBSIDIARY

BUSINESS AREA	COMPANY	COUNTRY	2010	2011	2012	2013	
Paper	Paper Union	Germany	663	662	634	617	
	Inapa France	France	264	263	238	221	
	Inapa Suisse	Switzerland	90	81	79	79	
	Inapa Portugal	Portugal	105	108	82	78	
	Inapa España	Spain	118	110	89	85	
	Inapa Belgique	Belgium	33	33	29	29	
	Inapa Luxembourg	Luxembourg	4	4	4	2	
	Inapa Angola	Angola	5	5	10	9	
	Korda	Turkey	n.a.	n.a.	n.a.	51	Acquisition in Sep/2003
	PMF	Germany	3	3	n.a.	n.a.	Sold in 2012
	Tavistock	UK	2	n.a.	n.a.	n.a.	Sold in 2011
Packaging	Inapa Packaging	Germany	68	72	71	44	
	Realpack	Germany	n.a.	n.a.	n.a.	34	Acquisition in Nov/2013
	Logistipack	France	25	25	27	25	
	Semaq	France	n.a.	n.a.	29	30	Acquisition in 2012
	Inapa Embalagem	Portugal	n.a.	n.a.	7	0	Started in 2012
	Da Hora	Portugal	n.a.	n.a.	18	23	Acquisition in 2012
	Tradembal	Portugal	n.a.	n.a.	n.a.	20	Acquisition in Aug/2013
Visual Communication	Complott PU	Germany	57	63	71	67	
	Crediforma	Portugal	n.a.	n.a.	n.a.	10	Acquisition in Mar/2013
Holding	Inapa IPG	Portugal	25	26	19	19	
Shared Services	Inapa Shared Center	Portugal	n.a.	n.a.	20	27	Started in 2012
Total			1.462	1.455	1.427	1.470	

The effect of all these reorganization actions and commercial and operational resizing resulted in an increase of 43 employees compared with the same period last year, due to the acquisition of 4 companies (1 in paper business and 3 in complementary business) with 115 employees, setting up in 1470 the average number of employees of all group companies in 2013.

Reflecting the composition of the business, 80% of the total workforce is engaged in the paper distribution area.

In order to achieve the strategic goals of Inapa Group the employees weight in complementary businesses increased representing 17% (12% divided into packaging materials and 5% into visual communication segments). The central services area and the holding continues to represent about 3% of the total.

Individually, and considering the totality of the business, Germany accounts for 52% of total Group employees, a little less weight than in the previous year and equivalent to its share in consolidated sales.

France, the second largest market of the Group, with a weight of 26% in sales, is also the second largest employer with 275 employees of the Group, which represents 19% of the total workforce. The adjustment made in Inapa France corresponded to the company needs in the current macro-economic framework. In Spain, after the consolidation and reorganization of the operation that took place in 2012, there was a slight decrease of 4 employees in 2013.

In Portugal the year of 2013 was once again marked by the restructuring of the packaging business, with the acquisition of Tradembal. With this acquisition the packaging business was divided in geographic areas: Da Hora operates in the north of Portugal and Tradembal in the south. Inapa Embalagem ceased the commercial activity and the employees were transferred to the operational companies. Inapa Group entered also in the visual communication business through the acquisition of Crediforma.

Inapa Shared Center, a shared services company, continues its expansion in order to extend the activity to an increasing number of the Group companies.

In Portugal, after all changes, the number of employees is 177, a growth if 31 employees compared to the previous year, or 1 employee if we don't consider the acquisitions effect.

Switzerland, with 79 employees, kept stable compared with the previous year and represents about 6% of the Group total.

The remaining countries have now 91 employees mainly due to Korda's acquisition (Turkish paper company with 51 employees) and represent 6% of the Group's workforce.

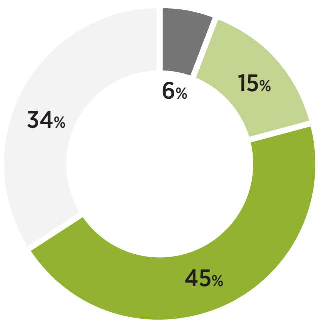
Given the Group's commercial nature, logistic and transport represent 34% of the total staff and sales and marketing represent 45% and are the most representative functional areas. Administrative, technical and back-office personnel account for 15% of the total staff.

Board Members and senior management account for around 6% of the Group's total personnel.

The distribution of the staff remained roughly unchanged when compared to 2012.

Due to paper market evolution, excluding acquisitons, there was a 5% reduction on overhead.

EMPLOYEES PER FUNCTIONAL AREA



- Board & Senior Management – 6%
- Administrative & Back Office – 15%
- Sales & Marketing – 45%
- Logistics & Others – 34%

Risk Factors

The Group's main activity is the distribution of paper, and as such, it acts as a link between the upstream paper producers and the downstream intermediate consumers (namely companies and paper manufacturing industries, such as printers, advertisers, media companies, and newspaper and book publishers, among others), modern distributors (large-scale suppliers and specialized retail chains) and end consumers (companies in the office segment and individuals).

Inapa is subject to the inherent risks of the economic sector where it operates and especially to fluctuations in paper price, short-term imbalances between demand and supply, changes in consumption patterns and the performance of the economy in general.

In this context, the most relevant risks to which Inapa is exposed while conducting its business are associated with its capacity to pass changes in the purchase price of paper and in its operating costs on to customers through selling prices, particularly costs related to logistics and transportation.

Additionally, the paper distribution business is sensitive to changes in the behavioral patterns of the demand, mainly in segments such as advertising and media, and to changes in the distribution structure.

Balance between supply and demand depends on a variety of factors, among which we highlight the trends in installed production capacity and the level of overall economic activity.

The Group's ability to pass paper price and/or oil price increases on to its customers through the selling prices of its products, or the fees it charges for the services provided, is not fully elastic, and so the direct margins of products sold and the net contribution of services rendered may be adversely impacted by such adverse trends, with the result that transport costs associated with its delivery services may increase and consequently have a negative impact on the Group's performance, financial situation, and earnings.

Inapa counts with some means of mitigating this risk, among which stand out its systems, which introduce various levels of authority according to the margin generated by the operation in the sales process.

The developments in the productive capacity of the different geographical markets, trends in paper demand in emerging economies such as China and India and its impact on those markets' suppliers, the impact of exchange rate fluctuation on the competitiveness of the various markets, and a number of regulatory issues that affect the world paper trade are all factors which, either in combination or in isolation, may directly or indirectly impact the performance of the Company, its financial situation, and its earnings performance.

Furthermore, the paper distribution business has undergone structural changes in recent years, as a result of mergers among paper merchants, especially in Europe. Competitor moves may directly or indirectly impact the Company's future strategic decisions and, therefore, its positioning in each particular market and, consequently, affect its economic and financial returns and asset allocation.

Inapa conducts its business in seven European countries, in Angola (since 2009) and Turkey. Having in mind that about 95% of its total turnover is originated in foreign markets, the company is naturally exposed to risks arising as a result of the specific performance of the economies of the countries where it operates, notwithstanding the fact that the very nature of that exposure may equally constitute a risk-mitigating factor as a result of the low probability that exactly the same economic performance pattern will occur at once in every one of those markets.

The exposure to currency risk is limited but real on account of the fact that the Group's aggregate turnover in currencies other than Euro (namely Swiss Franc, US Dollar, Angolan Kwanza and Turkish Lira) accounts for approximately 7.5% of the total turnover.

As it is the case with any other company or group of companies, Inapa's performance depends on its ability to retain its customer base.

In addition to serving quite a significant customer base – of over 70,000 customers – that are widely distributed from a geographical perspective and to offering a wide range of competitive, top-quality products and appropriate service levels, Inapa has been developing a customer loyalty program aimed at its traditional clientele through a comprehensive offer of products and services that complement its core business with a view to increasingly assert itself as a global Paper Service Provider.

The impact on local economies of a downturn in the world economy may make it difficult for customers of the Inapa Group to meet their obligations towards the Group.

As a credit mitigation factor, in 2011 Inapa contracted credit insurance for credit risk coverage of the operational subsidiaries with a major European insurance company. This insurance covers the Group's top 5 countries (Germany, France, Switzerland, Portugal and Spain), covering more 95% of the Group sales.

Regardless of the presented coverage, Inapa also manages credit risk by acting as follows: each company has its collections com-

mittee consisting of the CEO, CFO and directors of purchases and sales; credit limits are recorded in the computer system and inhibit new orders whose limit is fully achieved; the limits of credits are subject to annual revisions and / or whenever there is some relevant information due to the recommendation of internal and external monitoring systems; sales approval above the credit limit is defined only by the Board of Directors.

A slowdown in economic growth rates or a decrease in consumer and producer confidence indexes may, in turn, lead to a slowdown or fall in the paper demand, namely the demand for writing and printing paper, thereby adversely affecting its operations, sales, earnings, and the overall financial standing of the Inapa Group.

The Group's ability to successfully implement the established strategy depends of its ability to retain, and if necessary to hire, the most competent and adequately skilled staff to perform each duty. Although the Group's human resources policy strives to reach these objectives, it is not possible to guarantee that constraints may not arise in that regard.

Inapa awards supplemental retirement and subsistence pension benefits to the personnel of the subsidiaries Inapa France, Logistipack, Semaq, Inapa Switzerland and Papier Union, having duly accounted for the inherent expenses and costs associated with such benefits in accordance with the specifications of International Accounting Standard 19 (IAS 19).

The balance reported in the consolidated accounts under liabilities for pension benefits is based on predefined assumptions on mortality rates, whereas the beneficiaries of the pension fund schemes in question may live longer than what such assumptions accounted for and, as such, may draw benefits from the pension fund in excess of the provisions for such benefits. Therefore, liabilities for pension benefits may have an adverse impact on cash flows.

As regards the consolidation of accounts, Inapa has methods to mitigate internal and external risks.

Internally, the holding company has a team that sets the accounting policies to be used in the Group, validates all the consolidation movements of each company and controls the processing of local accounts under IFRS. Additionally, all companies report their monthly accounts to the Group's holding company (income statements and balance sheets), enabling to monitor regularly the progress of the accounts of each Group company.

Externally, in order to mitigate the risks arising from the classification into different accounting categories, proper accounting and consolidation reports of each company and standardization of criteria, we opted to use a common auditor in the main geographical regions in which Inapa operates, in this case PricewaterhouseCoopers. The work developed by the holding company is also subject to verification by the same external auditor, ensuring the adequacy and transparency of the consolidated accounts.

In the future, Inapa may be a party in litigation arising from the conduct of its business, including legal proceedings which may have been ruled in favor of the Group, fully or partially, or sentences that may be subject to recourse or petition for their annulment by the counterparties in conformance with applicable legal procedure and until that time as such sentences have been upheld in a court of final appeal.

At present, the main legal suit to which Inapa is a party concerns a petition under ordinary procedure filed by Papelaria Fernandes – Indústria e Comércio, SA, in August 01, 2007, which claim has been valued at 24,459,906.14 Euros, relative to events occurring from 1991 to 1994.

In the aforementioned legal suit, and in essence, Papelaria Fernandes is petitioning to be declared null the contracts and transactions entered into during the above mentioned period by the Group and Papelaria Fernandes. Notwithstanding the Group's firm belief that it is right, Inapa cannot guarantee that the court case in question will be ruled in its favor or that any other such legal suits relative to its operations will be ruled in its favor in the future. Unfavorable rulings on legal suits filed against it may have an adverse impact on the operations, financial situation, and earnings performance of the Inapa Group.

Inapa Group's operations require investments. It is Inapa's intention to partly fund those investments with cash resources generated from operations. However, should its operations fail to generate sufficient cash resources, Inapa may be required to partly fund the envisaged investments with funding raised from external sources, including bank finance and bond issues.

In addition, Inapa Group is exposed to a number of other risks, namely liquidity risk, interest rate risk, market risk on the price of raw materials, operating risk, and other risks.The costs on most of the Group's financial indebtedness bears interest at rates linked to variable market rates, on account of which Inapa is exposed to market risk on changes in interest rates.

Considering that Inapa does not hedge its exposure to adverse changes in market interest rates, such changes may, in turn, have an adverse impact on its performance, financial situation, and earnings.

Nevertheless, and in order to manage such risks, the Group's Finance Department strives to manage the impact of changing interest rates by monitoring market developments on an ongoing basis and by being in a position to contract financial instruments to mitigate the impact of interest rate volatility.

In a context of sector consolidation, Inapa may be the target of a public tender offer. Despite the fact that the Group has been implementing careful risk management methodologies to manage every type of risk to which it is exposed, in the event of exceptionally adverse scenarios materializing, the policies and procedures employed by Inapa to identify, monitor, manage, and mitigate such risks may prove not to be fully effective.

The Company believes that it is sufficiently equipped to effectively control the risks arising from the business conducted by the Company and the companies it controls, and deems that the actions being conducted by the Heads of its Management Control and Finance Departments, who have been specifically charged to manage its risks, particularly Inapa Group's liquidity risk, are effective.

Inapa manages the Group's liquidity risk by acting as follows: striving to structure the Group's financial indebtedness to feature a large percentage of medium and long-term debt, with a maturity that adequately matches its ability to generate cash resources; resorting to credit facilities it may draw on at any time (credit facilities on current accounts); treasury management is done locally in each Group company supervised by the Holding Company; cash flow forecast is regularly updated and monitored to avoid potential deviations.

In the course of conducting Inapa's normal business, and owing to its organizational structure, the Group is subject to certain operational risks, including possible interruptions in the services it renders or delays in providing such services, omissions, errors.

Those risks are monitored by the Company on an ongoing basis by means of the administrative and information systems it implemented for that purpose, having also arranged for insurance policies to cover certain operational risks.

Inapa Group's operations are also dependent on IT processing, which involves the storing and processing of financial reporting records, monitoring and control records from its logistics, warehousing and delivery services, and internal accounting records.

Notwithstanding the ongoing assessment of the condition of its information systems and the fact that our capacity has proven to be reliable, it is not possible to absolutely guarantee a full identification and timely redressing of every single issue concerning the information technology systems or the unqualified success of every single implementation of a technological enhancement to such systems.

In this scenario, there could be significant changes in Inapa's current strategy with implications for the several businesses and markets where it operates.

Inapa Group may be adversely affected by amendments to ruling legislation and to other tax legislation applicable in Portugal, the European Union, and the particular countries where it operates.

The Group's units are subject to risks that are inherent to the conduct of any economic activity, such as accidents, faults, or natural catastrophes that may cause damages to the Group's assets or a temporary interruption of its trading activities.

Social and environmental responsibility

Environmental responsibility

Environmental sustainability is a commitment of Inapa Group, shared by all the management and employees in all markets where we operate. Inapa has a responsible approach to environmental challenges from an internal point of view and through external initiatives.

In Inapa we are committed to take measures that actively promote the protection of the environment, comply with all applicable EU or local laws and regulations and ensure compliance with internal control procedures.

Our environmental commitment is reflected in the following areas: i) environmental certification of subsidiaries, ii) legal compliance, iii) environmental performance, iv) reduction of carbon levels, v) increase the use of renewable energies; vi) certification of supply chain and vi) supply of waste processing solutions to our customers.

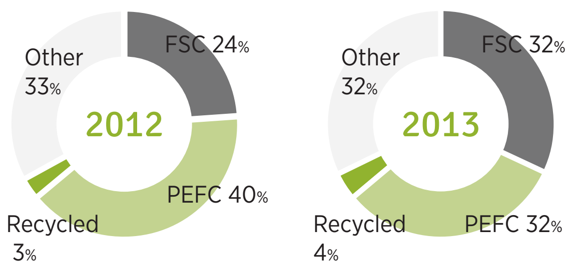
i) Environmental certification

Inapa is committed to certification by independent third party as a powerful tool to control the chain of custody and to exclude illegal or unsustainable material from its supply chain. As a result, all Inapa operations are certified according to the restrictive FSC® Forest Stewardship Council scheme and in parallel to the PEFC™ Program for the Endorsement of Forest Certification standard (excl. Switzerland and Turkey)

Due to different sales and marketing activities the share of FSC/PEFC certified and recycled papers increased by 68 percent of the total sales in 2013. In other words: 2 out of 3 sheets of paper carried to our customers were certified up to the highest ecological standards of the market.

Inapa again proves its excellence and focus in serving solutions to customers that provide both economic and environmental benefits even in difficult market surroundings. In spite the a variable weak demand for Print and Office papers in the European markets in 2013, Inapa increased the share of FSC certified papers about 14 percent and grew the share from 24 to 32 percent of its total sales.

ECO-PRODUCTS MIX



Inapa also boosted its recycled paper sales by 33 percent. This growth, far above the market, was achieved by working with a growing demand of public institutions and corporations for print communications that comply with high environmental standards and help them to improve their eco performance.

Even under difficult market circumstances Inapa holds on its ambitious planning of increasing the proportion of eco paper grades to 80 percent in 2015, while 90 percent of the assortment will be produced under eco management systems according to ISO 14001, EMAS standards.

ii) Legal Compliance

Inapa purchasing and assortment policy is consistent with our environmental principles. In-line with current regulations, Inapa only purchases those papers and products that are made in compliance with applicable laws and regulations.

In March 2013 the EUTR (European Union Timber Regulation) came into force representing another element of the EU Commissions FLEGT (Forest Law Enforcement Governance and Trade) initiative to fight against illegal logging and to forbid the import and trade of illegal timber products in the EU market. As

EUTR covers all fiber based paper, board and packaging, Inapa voluntary and proactively installed a due diligence system and conducted documented assessments with its suppliers to identify and close potential gaps regarding risky timber materials in the supply chain. Today Inapa has access to its own EUTR database and therefore at any time is able not only to ensure compliance of its products to EUTR regulation but to provide to customers detailed information about wood species and its origin for all Inapa paper products under sales.

iii) Environmental Performance

Continuous improvement is a nuclear element of Inapa commitment to excellence in product quality and eco performance.

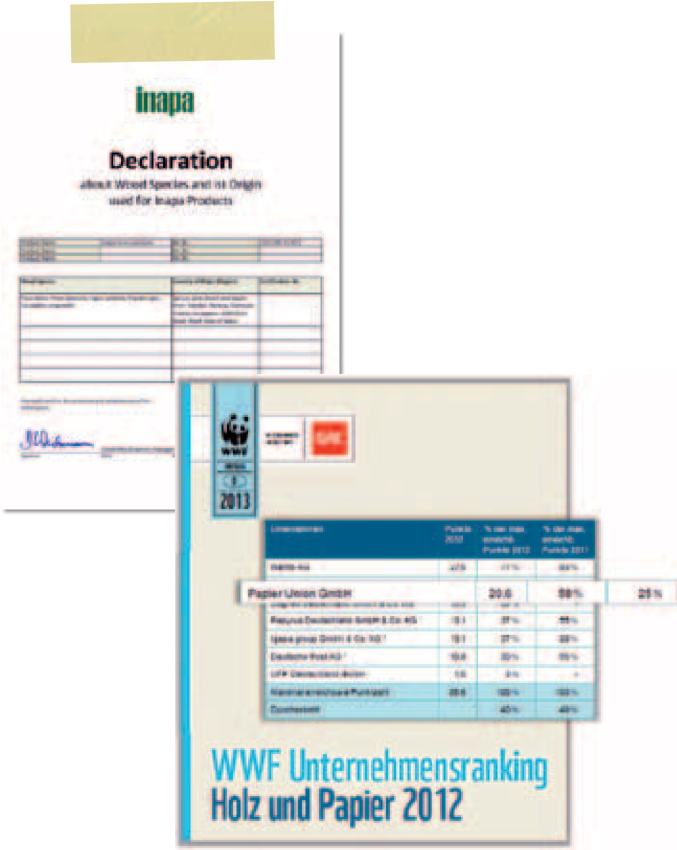
With its annual "Unternehmensranking Holz und Papier" (Wood and Paper Company Ranking) WWF reviews the environmental performance of a wide range of corporations and traders of different branches under ecologic criteria. For enhancing the use of recycled papers in administration and production of promotional print materials and for pro-active advertisings of FSC papers Papier Union was ranked second ahead of all participating paper merchants only seconded by a German eco- specialized office mail order company.

France develops the Oxygen Program, which is based in four areas: the communication with the market; a portfolio of products that enables an environmentally responsible purchase; the certification program (PEFC/ FSC); a selection of partners (general suppliers and logistics/ distribution suppliers) that comply with environmental criteria. The Oxygen program has a dedicated website, which discloses all the relevant information.

A training plan was carried out in the Group during 2013, in order to raise the awareness for environmental issues. In this scope we highlight the sessions run in Inapa Portugal and Inapa Spain. In Portugal training targeted the Integrated Management System - Quality, Environment and chain of custody FSC/ PEFC, where relevant concepts were detailed and best practices were recommended. In Inapa Spain employees were trained about main concepts related to the sale of ecological paper, including the existing standards and certifications to better advise customers who reveal greater environmental concerns.

iv) Sustainable environment and carbon dioxide reduction

Inapa is committed to a continuous improvement, the control and the transparency of the Group environmental performance. In 2013 an important step was taken in this direction with the creation of the corporate carbon footprint (CCFP) of the Group's Swiss activities. This indicator assessed the company related environmental impacts from logistics and distribution in the shape of a balance sheet of CO_2e (equivalent) values. According to the recommendations of the GHG (Greenhouse Gas) Protocol, in addition to direct emissions, it also includes indirectly attributable loads caused by subcontractors or by electricity generation.



It is planned for the coming years to expand the CCFP to all subsidiaries of Inapa Group, in order to have a more comprehensive Group assessment and review towards an overall environmental improvement programs.

In the last years, the changes performed in Group IT equipment to use more energy efficient systems and eco-friendly light bulbs in warehouses have made an important contribution to reduce electricity consumption. Another contribution came from the introduction of a new dispatch software, which allows an optimized route planning with better truck utilization, thus reducing the transport-related emissions. Further emission reductions have been achieved through optimization of the electricity mix supply and increasing the share of energy generated from renewable sources. Paper transportation plays an important role in the distribution process from warehouses to customers. Inapa has taken strategic options to preserve the environment in this operational area. Given the fact that the majority of Group operating companies do not own its truck fleet, Inapa "imposes" to transportation suppliers a requirement of compliance with the standards for the emission of carbon dioxide ruled by the European Union. As well, when using external distributors, the Group has a major concern to maximize the efficiency of the load factor. Regarding the Group's own fleet, a marginal weight in the total transportation, Inapa uses Blue Tec vehicles, which consists in adding Adblue to diesel, to promote a reduction of the emissions of carbon dioxide.

v) Use of renewable energies

The sourcing of alternative energies is another of the actions implemented in the warehouses and offices of the Group. An example is the installation of solar panels in the central warehouse of Inapa Portugal, based in Sintra.

In general all subsidiaries aim to increase the sourcing of alternative energies in order to achieve further reductions in consumption and to be more eco-friendly.

vi) Supply chain certification

Environmental concerns become a growing trend amongst buyers and consumers when making their purchasing decisions.

Inapa is aware of the importance of promoting environmental sustainability throughout the paper value chain – from the harvest in the forest, through production to distribution. Internal and external checks (i.e, purchase and sales) of certified products are performed and controlled in a regular basis in order to ensure compliance with related certification awards. All the Group operating companies are FSC certified; In the case of PEFC certification the only companies/geographies that are not yet certified are Switzerland and Turkey. Due to size the, Angola operation is not yet certified in neither FSC or PEFC.

It should also be highlighted that Inapa Switzerland was one of the first European merchants to obtain the supply chain certification according to the procedures of ISO 9001. Inapa Portugal also set the example, becoming the first national merchant to become ISO 9001 and ISO 14001 certified.

Papier Union should also be mentioned as 90% of the suppliers are ISO 9001 and ISO 14001 or EMAS certified (EU Eco-Management and Audit Scheme) and have systems for the monitoring and tracking of wood and fiber certified according to FSC or PEFC standards.

As a practice, most of Group suppliers attest the necessary evidences for positive environmental performance. Whenever appropriated Inapa takes a proactive role in suggesting further improvements.

vii) Waste management solutions

As regards to waste management, Inapa has in progress the development of a set of initiatives to offer its customers cost effective solutions and effective treatment of their waste. For example Inapa France provides waste collection and treatment services in partnership with Veolia.

Social responsibility

Inapa faces social responsibility as a contribution to the construction of a sustainable future, fair and balanced, reason why solidarity actions are part of the culture and management of Inapa in the various countries where it operates.

On behalf of the employees and shareholders, the Group takes a socially responsible attitude because it believes small gestures make a difference and can improve a life path. Through its subsidiaries, the Group responds each year to a set of requests from organizations to support social, cultural and sports at a local, national or international range.

Inapa Portugal made in-kind donations to the following organizations: Diakonia – Academia de Motivação, Associação Mãos Libertas, Mãos Unidas Padre Damião, Entreajuda – Apoio a instituição de Solidariedade Social, Associação Dianova Portugal, Associação Humanitária Ajudar os Outros and Projeto Cat Dog Bus.

In Portugal and Spain was carried out an initiative with students of Madrid Design School and IADE Creative University of Lisbon. As a result, more than 500 works were present, from which have been chosen 6 from each school to create a calendar. The calendar was printed and distributed (3500 copies) to major clients in both countries.

In Inapa Belgium, for each pallet of sold Guardian paper (100% recycled) 12 euros are donated to the Belgian Cancer Foundation, in order to contribute to research, supporting patients and families, and campaigning for prevention, among others.

Inapa France signed protocols with two companies that employ people with disabilities and provide maintenance services in Corbeil and recycling of packaging and pallets used in product shipment. It was also signed an agreement concerning the equality of the sexes in career progression with trade unions and employee representatives. Finally, selected Portuguese students were granted scholarships for good results and a donation was made to France AVC (ONG that studies Cerebral Vascular Accident).

In Germany in-kind donations to the organization "Paper without Borders", which supports schools in Senegal, through donations of books, pens and paper were performed. Papier Union also seeks to take an active role in supporting training and education, and in 2013 18 students made a traineeship and 6 students a two-week internship to begin their experience with working life.

Inapa Switzerland supported the organization "Swiss Special Olympics", which allowed giving all necessary support to 2 children with special needs from the Regensdorf region to the sports practice and training needs throughout the whole year. The organization also promotes bonding with the educational environment, with 3 interns on staff.

Social responsibility is already a part of Inapa's corporate culture in the sense of promoting the welfare of communities and agencies with which it relates, from the perspective of having them participating in the generated value.

LOGISTICS AND DISTRIBUTION CAPACITY EFFICIENT AND OF QUALITY.

Paper

The Inapa Group is one of the European leaders in paper distribution, being one of the top three players in Germany, France, Switzerland, Spain, Portugal, Turkey and Angola.

REINFORCEMENT OF THE POSITIONING IN THE PAPER MARKET

Acquisition of Korda in Turkey

TOP 5 OF EUROPEAN DISTRIBUTORS

SUMMARY OF GROUP ACTIVITY

Learn more
about
the paper
distribution

Main Activity Indicators

Million euros	2013	2012	2011	2010	Var. 13/12
Tonnes (´000)	798	833	885	914	-4.2%
Sales	888.7	926.7	986.5	980.3	-4.1%
Gross margin	164.0	166.7	174.0	181.2	-1.6%
Gross margin %	18.5%	18.0%	17.6%	18.5%	0.5 p.p.
Operational costs [1]	136.4	140.1	145.9	141.0	-2.7%
Provision for current assets	4.2	9.0	2.9	6.6	-53.6%
Re-EBITDA	23.4	17.5	25.2	33.7	33.5%
Re-EBITDA margin (%)	2.6%	1.9%	2.6%	3.4%	0.7 p.p.
EBIT	17.1	10.7	17.4	24.2	59.7%
EBIT margin (%)	1.9%	1.2%	1.8%	2.4%	0.8 p.p.
Net financial costs	14.9	16.7	20.4	16.1	-11.2%
EBT	1.9	-4.7	-3.1	8.1	6.6 M€
NET income	1.3	-6.0	-6.2	2.9	7.3 M€
ROCE (%)	9.2%	6.8%	8.8%	10.6%	2.4 p.p.
Market capitalization [2]	105.2	69.2	78.2	56.3	52.0%
	31-12-13	31-12-12	31-12-11	31-12-10	
Net debt [3]	341.2	346.1	357.7	434.0	-1.4%
Interest coverage	1.6 x	1.0 x	1.2 x	2.1 x	0.5 x
Working capital	159.2	162.9	190.2	217.9	-2.3%

[1] Net of income from services and excludes provisions.

[2] Includes preferred shares since 2011.

[3] Includes securitization.

Glossary

Re-EBITDA: Recurrent results before depreciation and amortization, non-recurrent costs, financial costs and taxes

Re-EBITDA margin: Re-EBITDA/Total Sales

EBIT margin: EBIT/Total Sales

Net debt: Non-current loans + current loans + financing associated to financial assets + financial leases – cash and cash equivalents

Working capital: Trade receivables + Inventories - Suppliers

Market capitalization: number of shares x stock price

ROCE: Re-EBITDA/ (Tangible fixed assets + non-current investments + working capital)

Interest coverage: Re-EBITDA/Net Financial Costs

Relevant facts of the year

January

✓ **01.04.2013**
Sale of PMF – Print Media Factoring, the factoring business in Germany.

March

✓ **03.07.2013**
Acquisition of a Portuguese Visual Communication company Crediforma.

✓ **03.12.2013**
Attribution for the 3rd consecutive year of the award for Best Corporate Governance.

WORLD FINANCE
CORPORATE GOVERNANCE AWARDS
2013

✓ **03.20.2013**
Announcement of the results, publication of the 2012 annual report and Notice for the General Meeting.

April

✓ **04.10.2013**
Deliberations of the Ordinary General Meeting.

✓ **04.15.2013**
Notice for the Extraordinary General Meeting.

May

✓ **05.07.2013**
Deliberations of the Extraordinary General Meeting.

✓ **05.14.2013**
Announcement of the results for the 1st quarter 2013.

June

✓ **06.03.2013**
Acquisition of the assets and customers portfolio of the French packaging business under the designation of Karbox.

August

✓ **08.12.2013**
Notice of the agreement for the acquisition of 100% of the share capital of the Turkish paper merchant Korda.

✓ **08.21.2013**
Announcement of the results for the 2nd quarter 2013.

✓ **08.30.2013**
Acquisition of 75% of the share capital of the Portuguese packaging company Tradembal.

September

✓ **09.17.2013**
Acquisition of 100% of the share capital of the Turkish paper merchant Korda.

October

✓ **10.31.2013**
Announcement of the results for the 3rd quarter 2013

November

✓ **11.11.2013**
Acquisition of the German packaging company Realpack.

Subsequent events

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

Economical context

Macroeconomic context

On the last two quarters of 2013 we have assisted to an acceleration of the global economic activity and world trade that allowed the global growth to reach 3.3%, based on the expansion of demand in the advanced economies and the further growth of exports of emerging and developing countries. For 2014 we anticipate the consolidation of the economic recovery recorded mainly during the 2nd half of 2013 and an annual growth of 3.7% of the world economy.

In 2013 there was a moderate recovery in the advanced economies (who grew by 1.3%) and some slow down on the growth of the emerging economies (4.7%), contrary to what happened in the previous years.

For 2014 we estimate the advanced economies will reach a growth of 2.2%. In the emerging and developing economies we estimate a growth of 5.1%, driven by exports to the advanced economies.

In Europe, the conditions have improved considerably in the United Kingdom (growth of 1.7% in 2013 and estimated at 2.4% for 2014) as well as in the major EU countries. Starting in mid-2013 the euro-zone initiated a phase of recovery away from the recession. However, in 2013 the annual rate of growth was still negative (-0.5%) but with a positive trend on the last two quarters of the year.

Weak domestic demand due to high public and private debt, coupled with low inflation, financial constrains who still limit the flow of money into the economy and a high unemployment rate (12%), but partially offset by some dynamism in exports.

2014 will be another year of weak growth in the Eurozone, about 1%, supported mainly by an increase in the demand outside the Eurozone.

The macro economic trends in countries where INAPA operates are shown in the following table:

Country	2011–2014 E	2011	2012	2013 E	2014 E
Germany		3.00%	0.70%	0.50%	1.70%
France		1.70%	0.00%	0.20%	0.70%
Spain		0.40%	-1.60%	-1.30%	0.70%
Portugal		-1.60%	-3.20%	-1.60%	0.70%
Belgium		1.80%	-0.10%	0.20%	1.00%
Luxembourg		1.70%	-0.20%	1.70%	2.40%
Euro Zone (17)		1.40%	-1.70%	-0.50%	0.90%
Switzerland		1.90%	1.00%	1.90%	2.30%
Turkey		8.80%	2.20%	4.30%	3.50%

Sources: Eurostat, SECO (Switzerland) and World Bank (Turkey).

2013 may have been the year of the turnaround on all the relevant economies where INAPA operates and the growth prospects for 2014 are positive.

Paper sector

The Euro area emerged from the recession on the second half of 2013, followed by a gradual increase in indexes of confidence. Due to the slow recovery from the impacts of the Public Debt crisis, the growth of the real economy continues to be limited by the effects of the different austerity programs and high unemployment rates. Thus, in Europe, in 2013, we have experienced a decrease in the paper demand overall, where it stands out the decrease of around 5% in the graphic sector.

The demand for Coated Woodfree papers fell about 7% in 2013 and for Uncoated Woodfree papers fell about 5%.

On the paper production side, during the year 2013 we continued to assist to a balance between supply and demand. There were several capacity closures, particularly of Coated Woodfree paper sites and adjustments in the production.

The average paper sales price decreased about 4% from 2012 to 2013, a combined effect of a lower demand and subsequent adjustments between supply and demand.

Based on Eugropa data, the paper volume sales on the five main markets where INAPA operates (Germany, France, Switzerland, Spain and Portugal) registered a decrease of approximately 5%. Scaled by country, the highest falls were in France and Spain, with a decrease of 6% respectively. Germany fell by 4%, followed by Switzerland with a decrease of 3%. Portugal, after a strong decrease last year, reversed the tendency and the total volumes of 2013 were in line with 2012.

Consolidated Performance

In 2013 the 18% growth of complementary businesses enabled to partially offset the 6.2% decrease in paper sales, reflecting the medium and long term strategy.

In 2013 consolidated sales decreased by approximately 4% compared to the previous year, reaching 888.7 million euros. This decline comes from the 6.2% decrease in paper sales business, partially offset by an 18% sales growth in complementary businesses, compared to 2012, reflecting the medium and long term strategy under execution.

2013 was characterized by the difficult economic environment in Europe who impacted in the reduction of paper demand that, coupled with the maintenance of a strict credit policy and the protection of the gross margin, which increased 0.5 percentage points to 18.5% compared to 2012, resulted in the loss of volume in certain markets, due to strong competition. The execution of these policies did not contribute to the growth of consolidated sales, but defended the equilibrium and sustainability of the Profit and Loss account.

As a result of a strict cost management policy, operating costs decreased by approximately 3.7 million euros from 140.1 million euros to 136.4 million euros. This decrease was mainly due to a reduction in administrative, distribution and personnel costs.

The amount of customer impairment balances decreased 4.8 million euros compared to 2012, to 4.2 million euros or 0.5% of sales, as a result of a prudent commercial policy on the analysis of the risk of collection and strict management of the portfolio of customers, complemented by the credit insurance.

Re-EBITDA increased 33% to 23.4 million euros, representing 2.6% of sales, a growth of 0.5 percentage points compared to 2012, reaching levels comparable to the top competitors of the industry.

The higher contribution of complementary businesses, the improved gross margin and the reduction in operational costs and customer impairment balances enable to contradict the fall in paper sales volumes.

Operational results (EBIT) increased 59.7% to 17.1 million euros, 6.4 million euros higher than in the previous year, representing 1.9% of sales.

In 2013 financial costs decreased 11% to 14.9 million euros, an improvement of 1.8 million euros compared to the previous year. This reduction is due to the relative stability of spreads combined with a decline in reference rates and the gradual reduction of Group levels of debt.

Consolidated earnings before taxes were of 1.9 million euros, compared with -4.7 million euros in the previous year, i.e. an improvement of 6.6 million euros.

In 2013 the net income, after 0.6 million euros of provisions for taxes, was of 1.3 million euros, which represents an improvement of 7.3 million euros compared with 2012.

Working capital decreased by 3.7 million euros compared with 2012, to 159.2 million euros. This evolution is the reflexion of a constant improvement in the management of working capital based on a strict control of inventory levels and receivables days.

Consolidated net debt on December, 31 2013 was of 341 million euros, representing a decrease of about 5 million euros compared with the previous year, as a result of the increase in the cash flow generated by the activity and the optimization in the management of working capital.

Simultaneously, and as defined on the strategic plan guidelines, there was an improvement in the maturity of the debt, with the medium and long term debt representing 43% compared to 39% last year.

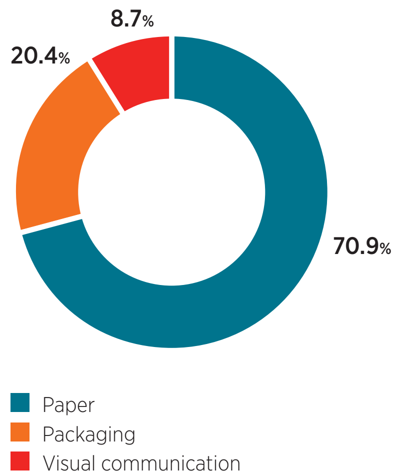

inapa
tecno
Quality from the paper experts.
colour laser
color laser/copy
paper
Mixed Sources
FSC
colour laser

Performance of the group's business areas

The 2020 strategic plan assumes as business objectives the geographic growth and diversification of the business portfolio. As a result of its execution the complementary businesses of packaging and visual communication increased to 94.1 million euros, with a 20% growth of the packaging business and a 14% growth of visual communication business.

The relative weight of these businesses in total consolidated sales increased from 12% to 14%, with a contribution of 29.2% to the level of generation of the Group operating profits (EBIT).

EBIT BY BUSINESS AREA



Paper

Sales in volume decreased 4.2% compared with 2012, from 833 thousand tonnes to 798 thousand tonnes.

To compensate this decreasing trend, and simultaneously reduce the exposure to more mature markets, the strategic plan Agenda 2020 aims at the geographic diversification by entering into emerging markets that have growth potential and good profitability. During the financial year under analysis, Inapa started to meet this objective with the purchase of Korda, a company with a leading position in the Turkish market.

Due to the average sales price decrease, sales in value fell by 6.2% to 794.6 million euros, compared with 846.7 million euros in 2012. Cross-selling in the paper business, namely with the sale of graphic and office supplies, represented 28 million euros of sales.

Paper average sales price decreased 23€ per tonne compared with 2012, from 990 to 967 euros per tonne, as a result of the strong competiveness in the markets driven by the decrease in demand.

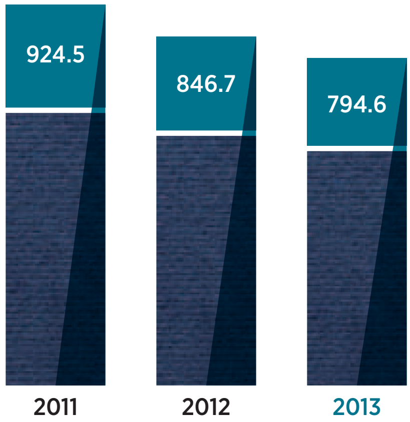
Despite the decrease in the average paper sales price, the initiatives taken during the year 2013 to protect the margin and the improvement in the mix of products led to an increase of 0.3 percentage points of the gross margin in paper business, standing at 17.1% of sales.

Operational costs had a strong decrease due to the implementation of adjustment measures to the management model to compensate lower levels of demand. Before provisions, operational costs decreased 2.8%. This evolution was achieved by i) reducing distribution costs. The average cost of tonne distributed reduced about 7%, ii) reducing personnel costs as a result of freezing salaries and reducing headcount, iii) reducing administrative expenses reflecting an improved utilization of the synergies at the level of central functions such as systems, communications, insurance and financial, planning and control services.

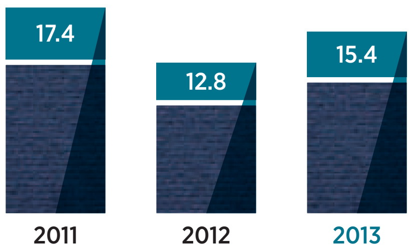
Operational results (EBIT) in the paper business improved to 1.9% of sales which compares to 1.5% in the previous year, reaching 15.4 million euros.

Overall, we had an improvement in the performance of the paper business driven by a higher margin and coupled with the containment of the operational costs.

SALES
Million euros



EBIT
Million euros



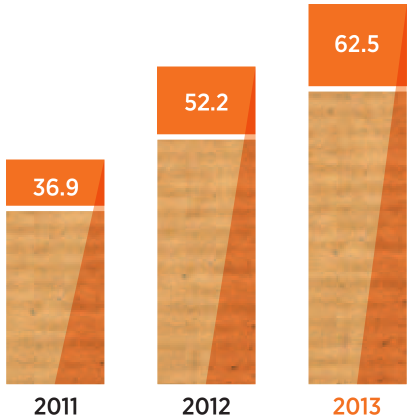
Packaging

Total sales of the packaging business amounted to 62.5 million euros, an increase of 20% compared to 2012, driven by organic growth and complemented by the acquisitions of Karbox (France), Tradembal (Portugal) and Realpack (Germany).

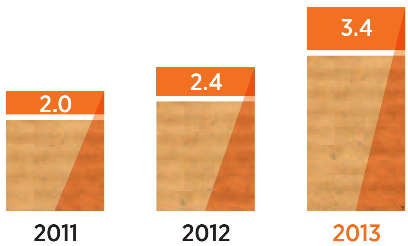
Sales growth was particularly driven by direct online sales channel, by the contract packaging, value added packaging services and sales of plastic packaging. The Group recorded significant growth rates compared to previous year in all geographies where it operates (Germany, France and Portugal).

Operational results (EBIT) of the packaging companies grew 42% compared to 2012, to 3.4 million euros, representing 5.5% of sales. The improvement in the performance is mainly due to the growth in sales, increase in margin and the operational optimization resulting from the reorganization of the packaging business, transversal to all the geographies where it's present.

SALES
Million euros



EBIT
Million euros



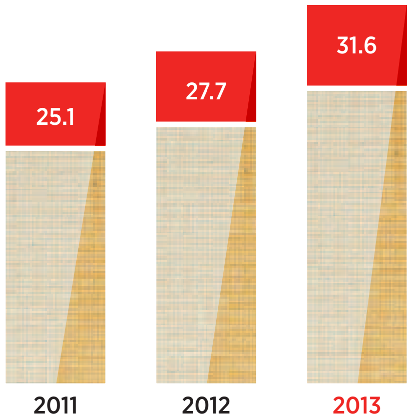
Visual Communication

The technological developments that have been taking place in large format digital printing, with higher productivity and better printing quality, along with the introduction of environmental friendly technologies, like the latex inks, are the main drivers for the switch of many printers from the offset technology to the digital printing.

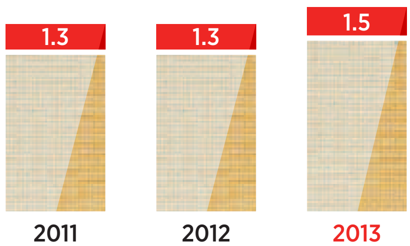
In 2013 this business area has achieved a double-digit growth, driven by the acquisition of Crediforma (Portugal). Sales reached 31.6 million euros, an increase of 14% compared to 2012, higher by 4 percentage points over the growth achieved in 2012. Despite the good performance, the context of the financial sector placed strong obstacles to the sale of equipment’s, due to restrictions in the access to credit lines.

Operational results (EBIT) were of 1.5 million euros, representing 4.6% of sales.

SALES
Million euros



EBIT
Million euros



Summary of Inapa-IPG activity

The main goal of Inapa-IPG, the holding company, is the definition of Group guidelines, the coordination of the activities in the operational subsidiaries of the different countries where it operates, and the search for synergies between the different businesses.

During the current year the company activity was extended to the following areas:

- Definition of the Group's strategic guidelines;
- Coordination of the execution of the Strategic Plan at the country level where the Group operates;
- Definition of commercial guidelines for each market;
- Settlement of purchase and negotiation policies with the main Group suppliers;
- Settlement of a funding policy and coordination of its implementation;
- Coordination of treasury and development of relationships with the financial system;
- Planning and management control;
- Definition of Group accounting policies;
- Internal audit;
- Definition of risk management and control systems and monitoring of their implementation;
- Development of relationships with the shareholders, investors and capital market regulatory institutions;
- Settlement of an investment policy and coordination of its implementation;
- Definition and coordination of information systems;
- Corporate communications;
- Group legal advisory.

Inapa – Investimentos, Participações e Gestão, SA, reported a net consolidated result of 1.3 million euros, which compares with a net loss of -6.0 million euros in the previous financial year.

Sales and services rendered and other income (arising from services rendered to subsidiaries, the negotiation of purchases with the main suppliers and the management of own brands) reached 11.5 million euros. Operational results in 2013 were of 9.3 million euros.

Total equity on December the 31st was of 192.6 million euros. Total net assets arise to 376 million euros, 28 million euros higher than in the previous year.

Outlook for 2014

The 2014 macroeconomic outlook for the Eurozone indicates some recovery and GDP growth. This positive prospect will mitigate the effect of increased competition in the paper market generated by the excess offer that continues to persist. Simultaneously, and as a result of the execution of the Strategic Plan Agenda 2020 secured in 2013, particularly in terms of geographic diversification and business portfolio, we foresee a gradually positive development of the Group towards its consolidation and sustainability.

In what regards the paper business, we foresee a recovery in volumes with the maintenance of a strong pressure on the level of average sales prices. Inapa will pursue a policy of margin protection, reducing the operating costs and optimizing the available resources.

For the complementary businesses of packaging and visual communication our expectation is to maintain the growth trend we have been experiencing along with the growth of its weighted contribution to the results of the Group.

Strategically, the Group will maintain its focus on growth and diversification, while paying attention to investment opportunities in emerging markets with good growth perspectives and profitability.

In what regards the Balance sheet the Group will maintain its efforts to strengthen the financial structure.


Paolo
REMEMBER

Stock exchange performance

2013 continued to be strongly affected by the economic environment, in particular by the national budget control measures on the Portuguese economy adjustment program and by uncertainty about the performance of Euro zone economies.

The Portuguese market stood at a similar level of last year, with an appreciation of the PSI-20 by 16%.

Inapa ordinary shares recorded a strong appreciation in January 2013 and gradually decreased during the first half of the year to values similar to the ones of the end of 2012. The second half of the year was marked by a period of greater dynamism and a sustainable growth of the share stock quote.

On an aggregated level the quote of Inapa shares appreciated 83% from 0.12 euros to 0.22 euros.

ORDINARY SHARES STOCK QUOTE EVOLUTION

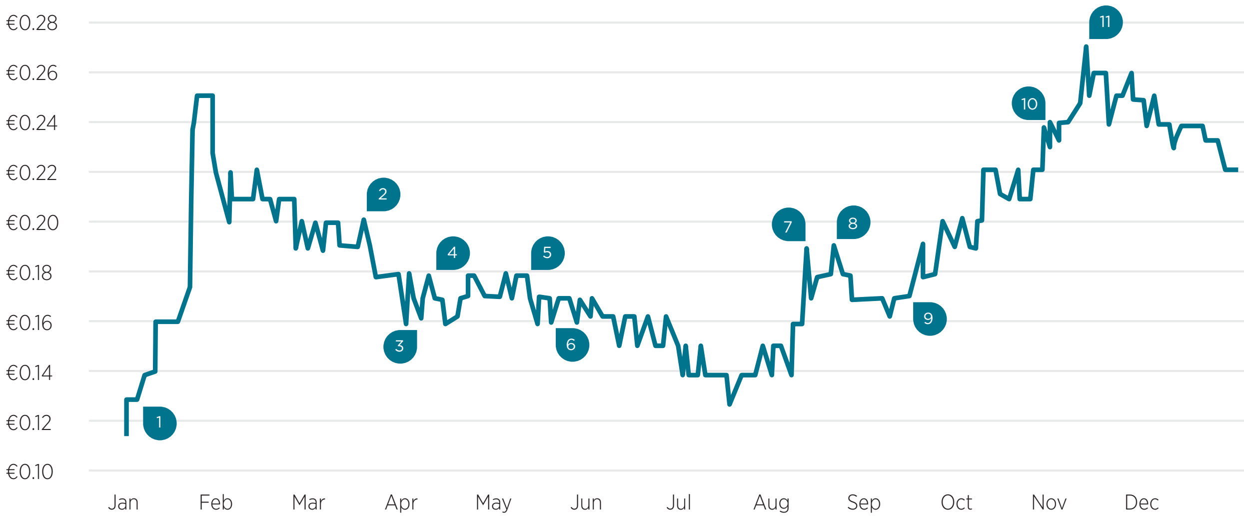


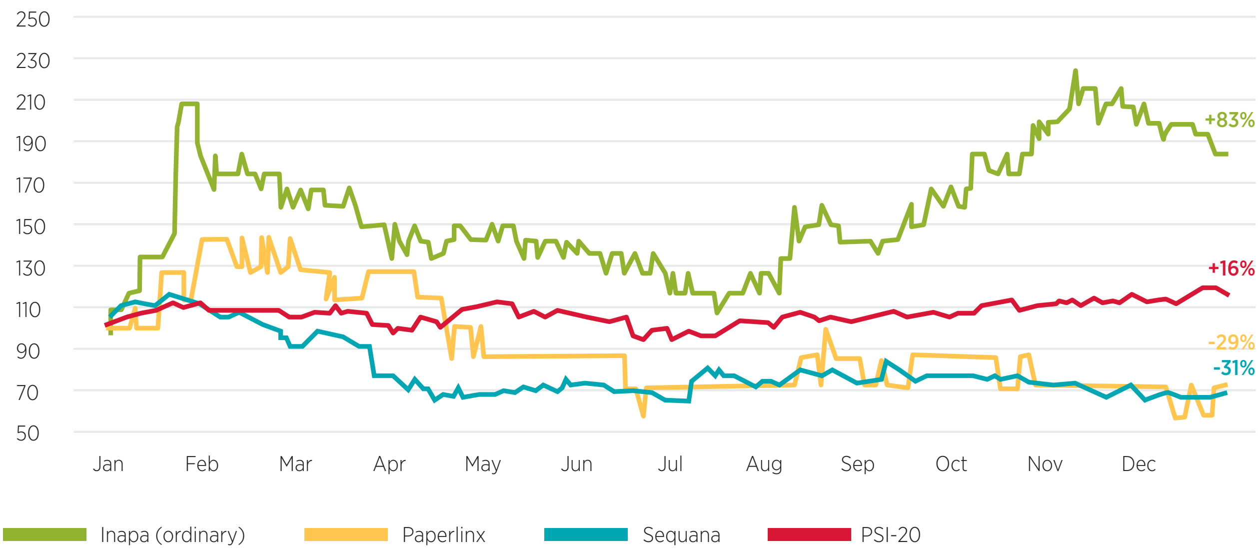
Chart legend:

1. Sale of the factoring business in Germany (January, 4)
2. 2012 results and notice of General Meeting (March, 20)
3. General meeting (April, 10)
4. Notice of extraordinary general meeting of shareolders (April, 15)
5. Extraordinary general meeting (May, 7)
6. 1st quarter results (May, 14)
7. Announcement of the agreement to Korda acquisition (August, 12)
8. 1st half results (August, 21)
9. Acquisition of Korda (September, 17)
10. 3rd quarter results (October, 31)
11. Acquisition of Realpack (November, 11)

The evolution of Inapa title continued to be penalized by the Portuguese market context and its high levels of debt, despite its diminutive eight in consolidated sales.

When we compare the performance of the title to comparable entities, it is clear that its development is in line or better than other companies of the sector, who in 2013 registered devaluation in its stock quote.

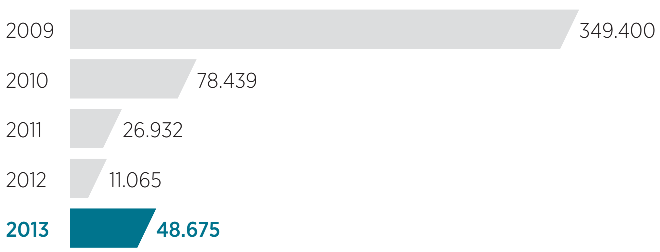
INAPA SHARE PRICE EVOLUTION VS. PSI20 VS. COMPARABLES



Inapa shares transaction volumes during 2013 reversed the downward trend registered since 2010. In 2013, and particularly in the second half, an increase of the shares turnover was registered, with an increase of 340% when comparing with 2012.

In 2013 preferred shares recorded low transactional volumes. During the year, only 373 thousand titles were traded, having finished the year with a quote of 0.247€. This evolution represented an increase of 41% relatively to the end of 2012 and is in line with the evolution of ordinary shares.

TOTAL ORDINARY SHARES TRADING VOLUME (thousand shares)



Own shares

The Company did not sell or purchase any of its own shares during the course of 2013 and, as so, does not own any of its own shares.

Authorization granted for transactions between the company and its directors

During the course of the financial year under analysis, no transactions were entered into by the Company and any of its Directors, and no requests for authorization of any such transactions were submitted to the Company.

Proposed earnings distribution

The Board of Directors hereby proposes that Inapa – Investimentos, Participações e Gestão, SA's net profit for the year, totaling € 1,273,356.19 euros, be applied as follows:

• Legal Reserve: 63,667.81 euros [1]
• Dividends to preferred shares: 541,764.79 euros [1] [2]
• Other reserves : 665,000.00 euros [1]
• Retained earnings: 2,923.59 euros

[1] Amounts to be added to the application in retained earnings if the General Assembly does not approve the capital reduction to cover losses;
[2] Priority Dividend for 2011 determined *pro rata temporis*: 300 980 441 shares x compensation (5% x € 0.18 issue value) x 73/365 days.

Declaration of conformance

In conformance with the provisions of Subparagraph c) of Paragraph 1 of Article 245 of the Código de Valores Mobiliários (the Securities Market Code), 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 Directors' Report, the Annual Accounts, the Legal Certification of the Accounts, and ancillary financial statements reported through 31 December 2013 to be submitted in compliance with the provisions of applicable legislation and regulations were prepared in conformance with applicable accounting standards and regulations and represent the assets and liabilities, financial situation, and results of the Company and its subsidiary and associate companies included in its consolidation perimeter in a truthful and appropriate manner, and that the Directors' Report faithfully presents the performance of its corporate business and the financial performance and standing of the Company and its subsidiary and associate companies included in its consolidation perimeter, including a description of the main risks and uncertainties incurred by the aforementioned companies.

Lisbon, March 19, 2014

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

✓ **José Manuel Félix Morgado**
Vice-Chairman of the Board of Directors and CEO

✓ **Jorge Manuel Viana de Azevedo Pinto Bravo**
Director and member of the Executive Committee of the Board of Directors

✓ **António José Gomes da Silva Albuquerque**
Director and member of the Executive Committee of the Board of Directors

✓ **Emídio de Jesus Maria**
Director and Chairman of the Audit Committee

✓ **João Miguel Pacheco de Sales Luís**
Director and member of the Audit Committee

✓ **Gonçalo Cruz Faria de Carvalho**
Director and member of the Audit Committee

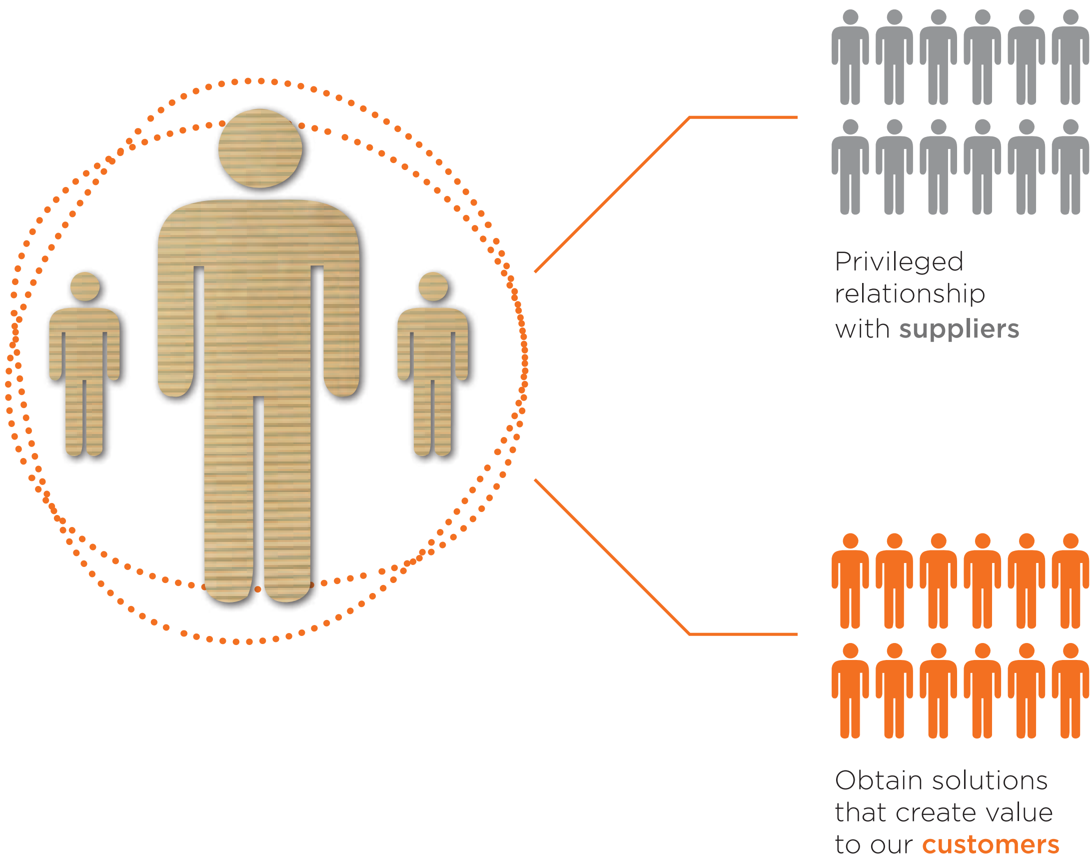
✓ **Arndt Jost Michael Klippgen**
Member of the Board of Directors

WE ENDORSE A STRONG NETWORK OF PARTNERSHIPS

Packaging

With operations in Germany, France and Portugal, Inapa offers to its customer packaging products and solutions.

FINANCIAL INFORMATION



Consolidated Accounts

Consolidated balance sheet as at December 31, 2013

(Amounts expressed in thousand euros)

Assets	NOTES	DECEMBER 31, 2013	DECEMBER 31, 2012 RESTATED	JANUARY 1, 2012 RESTATED
Non-current assets				
Tangible fixed assets	8	92,997	92,088	95,884
Goodwill	9	148,535	144,170	140,338
Other intangible assets	10	112,984	111,552	111,227
Investment in associate companies	11	1,068	1,075	1,071
Available-for-sale financial assets	12	40	62	47
Other non-current assets	16	24,232	27,900	21,835
Deferred tax assets	13	22,347	20,784	19,526
Total non-current assets		**402,203**	**397,631**	**389,928**
Current Assets				
Inventories	14	67,895	65,850	71,029
Trade receivables	15	141,913	146,328	166,619
Tax to be recovered	16	8,444	9,959	7,286
Available-for-sale financial assets	12	-	-	628
Other current assets	16	31,110	36,864	38,392
Cash and cash-equivalents	17	24,835	20,608	15,047
Total current assets		**274,197**	**279,609**	**299,000**
Total assets		**676,399**	**677,239**	**688,928**

Consolidated balance sheet as at December 31, 2013

(Amounts expressed in thousand euros)

Shareholders Equity	NOTES	DECEMBER 31, 2013	DECEMBER 31, 2012 RESTATED	JANUARY 1, 2012 RESTATED
Share capital	19	204,176	204,176	204,176
Share issue premium	20	450	450	450
Reserves	20	43,832	44,342	44,465
Retained earnings	20	-57,085	-50,719	-44,452
Net profit for the period		1,273	-5,949	-6,031
		192,648	192,300	198,608
Non controled interests	22	1,211	4,068	3,991
Total shareholders equity		**193,859**	**196,368**	**202,599**
Liabilities				
Non-current liabilities				
Loans	23	111,436	91,697	157,181
Financing associated to financial assets	23	47,002	52,872	38,061
Deferred tax liabilities	13	23,854	22,945	21,128
Provisions	24	307	286	391
Liabilities for employee benefits	25	4,594	4,807	4,173
Other non-current liabilities	26	6,032	-	-
Total non-current liabilities		**193,225**	**172,607**	**220,933**
Current liabilities				
Loans	23	207,599	222,174	177,553
Suppliers	26	50,592	49,259	47,402
Tax liabilities	26	12,310	17,226	18,073
Other current liabilities	26	18,815	19,606	22,367
Total current liabilities		**289,315**	**308,265**	**265,395**
Total shareholders equity and liabilities		**676,399**	**677,239**	**688,928**

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

Consolidated separate income statement as at December 31, 2013

(Amounts expressed in thousand euros)

	NOTES	DECEMBER 31, 2013	4th QUARTER 2013 *	DECEMBER 31, 2012 RESTATED	4th QUARTER 2012 * RESTATED
Tonnes*		**798,024**	**215,979**	**833,256**	**214,305**
Sales and service rendered	27	898,849	241,064	936,404	238,695
Other Income	27	22,412	5,004	27,590	9,483
Total Income		**921,261**	**246,068**	**963,994**	**248,177**
Cost of sales	14	-733,313	-195,165	-769,858	-198,913
Personal costs	28	-76,904	-20,749	-78,144	-19,346
Other costs	29	-88,592	-23,062	-98,291	-28,341
		22,454	**7,092**	**17,701**	**1,578**
Depreciations and amortizations	30	-5,658	-1,533	-5,527	-1,424
Gains / (losses) in associates	11	-7	-	4	2
Net financial function	31	-14,872	-3,864	-16,749	-3,416
Net profit before Income tax		**1,916**	**1,695**	**-4,571**	**-3,261**
Income tax	32	-563	-619	-1,199	-181
Net profit / (loss) for the period		**1,353**	**1,076**	**-5,770**	**-3,441**
Attributable to:					
Shareholders of the company		1,273	1,113	-5,949	-3,482
Non controlling interests		80	-37	179	41
Earnings per share of continued operations - €					
Basic	21	0.002	0.002	-0.013	-0.008
Diluted	21	0.002	0.002	-0.013	-0.008

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

* Non audited

Consolidated statement of comprehensive income as at December 31, 2013

(Amounts expressed in thousand euros)

	DECEMBER 31, 2013	4th QUARTER 2013 *	DECEMBER 31, 2012	4th QUARTER 2012 *
Net profit for the period before minority interest	**1,353**	**1,076**	**-5,770**	**-3,441**
Items that will not be reclassified to profit or loss	**-**	**-**	**-**	**-**
Acturial gains / losses	371	-	-236	-
Items that may be reclassified subsequently to profit or loss				
Change in value of available-for-sale financial assets	-	-	-	-
Currency translation differences	-510	-538	-123	66
	-510	-538	-123	66
Income recognized directly in equity	-139	-538	-359	66
Total comprehensive income for the period	**1,214**	**538**	**-6,129**	**-3,375**
Attributable to:				
Shareholders of the company	1,134	575	-6,308	-3,416
Non controlling interests	80	-37	179	41
	1,214	**538**	**-6,129**	**-3,375**

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

* Non audited

Consolidated cash flow statement as at December 31, 2013

(Amounts expressed in thousand Euros) - direct method

	NOTES	DECEMBER 31, 2013	4th QUARTER 2013 *	DECEMBER 31, 2012	4th QUARTER 2012 *
Cash flow generated from operating activities					
Cash receipts from customers		938,984	257,371	950,726	233,586
Payments to suppliers		-759,039	-218,313	-790,218	-214,156
Payments to personnel		-75,909	-20,184	-75,196	-19,494
Net cash from operational activities		**104,036**	**18,875**	**85,312**	**-64**
Income taxes paid		-4,459	-342	-3,100	-1,621
Income taxes received		569	192	66	-29
Other proceeds relating to operating activity		28,586	4,171	61,770	16,683
Other payments relating to operating activity		-111,518	-40,765	-123,966	-28,766
Net cash generated from operating activities	|1|	**17,213**	**-17,869**	**20,082**	**-13,797**
Cash flow from investing activities					
Proceeds from:					
Financial investments				820	-
Tangible fixed assets				1,386	14
Intangible assets				-	-
Interest and similar income				416	385
Dividends		31	9	-	-
		2,415	**498**	**2,621**	**399**
Payments in respect of:					
Financial investments				-4,407	-38
Tangible fixed assets				-1,307	-423
Intangible assets				-604	-395
Advances from third-party expenses		-	-	-	-
Loans granted		-	-	-	-
		-8,328	**-4,096**	**-6,318**	**-856**
Net cash used in investing activities	|2|	**-5,914**	**-3,598**	**-3,697**	**-458**

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

* Non audited

Consolidated cash flow statement as at December 31, 2013

(Amounts expressed in thousand Euros) - direct method

	NOTES	DECEMBER 31, 2013	4th QUARTER 2013 *	DECEMBER 31, 2012	4th QUARTER 2012 *
Cash flow from financing activities					
Proceeds from:					
Loans obtained		74,916	28,485	129,253	62,941
Capital increases, repayments and share premiums		-	-	-	-
Treasury placements		-	-	-	-
Changes in ownership interests		-	-	-	-
		74,916	**28,485**	**129,253**	**62,941**
Payments in respect of:					
Loans obtained		-117,090	-16,082	-121,987	-10,036
Amortization of financial leases		-855	-182	-1,526	-317
Interest and similar expenses		-13,378	-4,108	-13,295	-3,602
Dividends		-	-	-	-
		-131,322	**-20,373**	**-136,808**	**-13,955**
Net cash used in financing activities	|3|	**-56,406**	**8,113**	**-7,555**	**48,986**
Increase / (decrease) in cash and cash-equivalent	|4|=|1|+|2|+|3|	-45,107	-13,355	8,830	34,732
Effect of exchange differences		-9	4	-49	-76
		-45,116	**-13,350**	**8,781**	**34,656**
Cash and cash-equivalents at the begining of period		-62,045	-	-70,826	-
Cash and cash-equivalents at the end of period	17	-107,162	-13,350	-62,045	34,674
		-45,116	**-13,350**	**8,781**	**34,674**

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

* Non audited

Consolidated statement of changes in shareholders equity as at December 31, 2013 and December 31, 2012

(Amounts expressed in thousand of Euros)

	ATTRIBUTABLE TO SHAREHOLDERS							
	SHARE CAPITAL	SHARE ISSUANCE PREMIUM	FOREIGN EXCHANGE ADJUSTMENTS	OTHER RESERVES AND RETAINED EARNINGS	NET PROFIT / (LOSS) FOR THE PERIOD	TOTAL	NON-CONTROLLING INTERESTS	TOTAL SHARE-HOLDERS EQUITY
BALANCE AS AT JANUARY 1, 2012	**204,176**	**450**	**5,245**	**-4,447**	**-6,161**	199,263	**3,991**	203,254
RESTATEMENT EFFECT	-	-	-	-785	130	-655	-	-655
BALANCE AS AT JANUARY 1, 2012 RESTATED	**204,176**	**450**	**5,245**	**-5,232**	**-6,031**	198,608	**3,991**	202,599
Total earnings and costs recognized in the period	-	-	-123	-236	-5,949	-6,308	179	-6,129
Previous year net profit and loss result	-	-	-	-6,031	6,031	-	-	-
Dividends	-	-	-	-	-	-	-102	-102
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Total of gains and losses of the period	**-**	**-**	**-123**	**-6,267**	**82**	-6,308	**77**	-6,231
BALANCE AS AT DECEMBER 31, 2012 RESTATED	**204,176**	**450**	**5,122**	**-11,500**	**-5,949**	192,300	**4,068**	196,368
BALANCE AS AT JANUARY 1, 2013 RESTATED	**204,176**	**450**	**5,122**	**-11,500**	**-5,949**	192,300	**4,068**	196,368
Total earnings and costs recognized in the period	-	-	-510	371	1,273	1,134	80	1,214
Previous year net profit and loss result	-	-	-	-5,949	5,949	-	-	-
Dividends	-	-	-		-	-	-102	-102
Changes in the consolidation perimeter	-	-	-	-	-	-	-2,835	-2,835
Other changes	-	-	-	-787	-	-787	-	-787
Total of gains and losses of the period	**-**	**-**	**-510**	**-6,365**	**7,222**	347	**-2,857**	-2,508
BALANCE AS AT DECEMBER 31, 2013 RESTATED	**204,176**	**450**	**4,612**	**-17,865**	**1,273**	192,648	**1,211**	193,859

To be read in conjuction with the Notes to the consolidated financial statements.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Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements as at December 31, 2013

(Values expressed in thousands of Euros, except where explicitly stated otherwise)

NOTE 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 tangible and intangible assets, holding shares in other companies, exploiting its own and third-party commercial and industrial establishments and providing support to its subsidiaries. Inapa - IPG is listed on the Euronext Lisbon stock exchange.

Headquarters: Rua Braamcamp 40 - 9ºD, 1250-050 Lisboa, Portugal
Share capital: 204.176.479.38 Euros
N.I.P.C. (Corporate Tax Identification Number): 500 137 994

As a result of its development and internationalisation plan, the Inapa Group holds shares in the Paper 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 in Crediforma – Papelaria e Equipamento Tecnico, Lda, (v) Inapa España Distribuición 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, (vii) one company located in the United Kingdom - Inapa Merchants Holding, Ltd, company without activity, (viii) the companies Inapa Belgium and Inapa Luxembourg that operate in the Benelux market, and (ix) Korda Kagit Pazarlama Ve Ticaret Anonim Sirketi that operates in the Turkish market. In turn, the subsidiary Inapa Packaging, GmbH, has three companies for marketing packaging material, Hennessen & Potthoff, GmbH, HTL - Verpackung, GmbH and Realpack, GmbH.

These consolidated financial statements were approved by the Inapa-IPG's Board of Directors on March 19, 2014, being subject to shareholder approval at the General Meeting. It is the opinion of the Board that these financial statements appropriately reflect the Group's operations and financial position.

NOTE 2

Main accounting policies

The main accounting policies used in the preparation of the consolidated financial statements are described below. These policies were applied consistently in all of the given exercises, unless otherwise stated.

2.1. Basis for presentation

The consolidated financial statements for the Inapa Group are prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Interpretations Committee (IFRIC) or by the earlier Standing Interpretations Committee (SIC), as adopted by the European Union and in force at December 31, 2013.

The Inapa consolidated financial statements are prepared assuming the continuity of operations, from the financial books and records of the companies that constitute the Group, which are listed in Note 36.

The preparation of the consolidated financial statements demands the use of estimates and judgements regarding the application of the Group's accounting policies. The principal assertions, where a greater degree of judgement or complexity is involved, and the more significant assumptions and estimates used for preparing the consolidated financial statements are described in Note 6.

2.2.Basis for consolidation

Investments in subsidiary companies

The Group's investments in companies in which, directly or indirectly, it has the power to control their financial and operational policies, usually represented by holding more than 50% of its voting shares, were included in this financial statements using the full consolidation method (Note 36). The equity and the net profit that are held by a third party are booked under the caption Non-controlling interests on the consolidated balance sheet and on the consolidated income statement. The subsidiaries are included in the Consolidation from the date on which control was acquired until the date on which this effectively ends.

Accounting for the acquisition of subsidiaries is carried out using the purchase method, where the assets and liabilities of each subsidiary are identified at their fair value, on the date of acquisition, in accordance with IFRS 3. Any surplus/(deficit) in the acquisition cost when compared with the fair value of the net assets and liabilities is recognized as a consolidation difference (Goodwill), which is described in Note 9. In the case of a deficit and if the fair value does not suffer any changes after revaluation, the difference is booked in the income statement for the period. The minority shareholder interests are given by the respective proportion of the fair value of the identified assets and liabilities.

Transactions of sale, acquisition of participation shares of non-controlling interests do not result in the recognition of expenses, loss or goodwill, being any difference between the transaction value and book value of the traded participation, recognize in Equity.

Whenever necessary, the financial statements of the subsidiaries are adjusted so to reflect the Group's current accounting policies. Intercompany transactions, balances and dividends distributed between Group companies and unrealised gains are eliminated during the consolidation process. Unrealised losses are also eliminated, unless they cannot be recovered due to evidence of impairment.

Investments in associated companies

Investments in companies where Inapa exercises significant influence, directly or indirectly, but does not have control, generally where it detains between 20% to 50% of the (associated company) voting shares, are accounted for by the equity method.

In accordance with the equity method, the investments are recorded at their acquisition cost, adjusted by the amount corresponding to the Group's share on the variations in the equity of the company (including net profit or loss) and by the dividends received. The variation in the company's equity, resulting from net profit or loss, is recorded against the gains and losses for the period.

Positive differences between the acquisition cost and the fair value of the identifiable assets and liabilities of an associate on the date of acquisition are recognized as Goodwill and are included in the value of the investments (Note 11). If these differences are negative, they are recorded as revenue for the period in the line Gains/(losses) in associated companies.

The investments in associated companies are evaluated if there are indications that there may be impairment of the asset. Any impairment losses are recorded as a cost. When impairment losses recognized in previous years cease to exist, they are reversed.

When the participation of the Group in the losses of an associate equals or exceeds its investment in the associate, including receivables not covered by guarantees, the Group no longer records additional losses, unless it has incurred liabilities or made payments in the name of that company.

Whenever necessary, adjustments are made to the financial statements of the associates to reflect the Group's current accounting policies. The balances and dividends distributed between the companies of the Group and the associates, as well as the unrealised gains from inter-company transactions, are eliminated in the consolidation process, to the extent of the Group's holding in the associate. Unrealised losses are also eliminated, unless they cannot be recovered due to evidence of impairment.

The investments in associates are described in Note 11.

2.3. Goodwill (consolidation differences)

Goodwill corresponds to the difference between the acquisition cost of the investments in the Group's companies and the fair value of the identifiable assets and liabilities (including contingent liabilities) of these companies on the date of their acquisition (Note 9). Goodwill is recorded in the reporting currency of the subsidiary and converted to the reporting currency of the Group (Euro) at the exchange rate in force on the date of the Group's financial statements. Exchange differences arising from this conversion are recorded in Foreign exchange adjustments.

The consolidation differences are not amortised as annual impairment tests are conducted and, whenever this value is greater than the recoverable amount, it is recognized as an impairment loss and recorded on the income statement. These impairment losses cannot be reversed.

2.4. Currency conversion

The financial statements of each of the Group's companies are prepared in their functional currency, defined as the currency of the economic environment where they operate. The Group's functional and reporting currency is the Euro.

All of the monetary assets and liabilities expressed in foreign currency are converted to the functional currency at the exchange rate in force on the date of the balance sheet. Foreign currency transactions are converted at the rate in force on the date of each operation. The differences resulting from this conversion are recorded on the income statement.

The following criteria are used to convert the financial statements of the foreign companies included in the consolidated financial statements that use a functional currency different from the Group reporting currency:

Assets and liabilities: Exchange rate parities in force of the date of the balance sheet.

Gains and losses: Average exchange rates parities observed during the period.

The differences resulting from the currency conversion procedure described above are recorded in the appropriate caption in Shareholders' equity (Foreign exchange adjustments).

The exchange rates used for converting the financial statements of the English, Swiss and Angolan subsidiaries were as follows:

- GBP Exchange rate used for converting income statement items: 0.8502;
- GBP Exchange rate used for converting balance sheet items: 0.8337;
- CHF Exchange rate used for converting income statement items: 1.2293;
- CHF Exchange rate used for converting balance sheet items: 1.2276;
- USD Exchange rate used for converting income statement items: 1.3304;
- USD Exchange rate used for converting balance sheet items: 1.3791;
- Turkish Lira Exchange rate used for converting income statement items: 2.8082;
- Turkish Lira Exchange rate used for converting balance sheet items: 2.9603.

2.5. Intangible assets

Intangible assets are recorded at their acquisition cost, less depreciation and impairment losses, and are recognized to the extent that it is probable they will produce future economic benefits for the Group, provided their value can be reliably measured.

The caption Other intangible assets (Note 10) essentially consists of brand names identified during the acquisition of subsidiaries, initially recorded at their fair value. These are used by Papier Union, GmbH, Inapa France, SA and Inapa Portugal, SA, and annual amortization is not applied as it was determined that they have an indefinite useful life and are subject to regular impairment tests, either conducted internally by the Group or based on evaluations by a specialist entity external to the Group. When impairment losses recognized in previous periods cease to exist, they are reversed.

Also recorded under this heading are software, patents and other licenses, which are amortised using the straight line method over a period varying from three to five years, and the cost of acquiring customer portfolios, which are amortized over a period between ten to twenty years.

2.6. Tangible fixed assets

In accordance with the transitional arrangement included in IFRS 1, land was recorded at its fair value at the date of transition to IAS/IFRS (January 1, 2004). The adjustments resulting from the land revaluations were recorded as a correction to shareholders equity. The other tangible assets acquired by December 31, 2003 were recorded at their deemed cost, which corresponds to the acquisition cost or to the acquisition cost revalued in accordance with accounting principles generally accepted in Portugal up to that date, less depreciations and accumulated impairment losses.

The tangible assets acquired after January 1, 2004 are recorded at their acquisition cost, less depreciations and accumulated impairment losses.

Depreciation is booked after the assets are in condition for use and is imputed on a systematic basis over their useful life, which is determined by taking into account the Group's planned use for the asset, its expected wear and tear, subject to a foreseeable technical obsolescence and the residual value attributable to the asset. The residual value attributable to the asset is an estimate based on the prevailing residual value, at the date of the estimate, for similar assets that have reached the end of their useful life and which have been operating under conditions similar to those under which the asset will be used.

Depreciations are calculated using the straight line method, on a monthly basis, at the following representative rates for estimated useful life:

Buildings and other constructions	2% - 10%
Basic equipment	7.14% - 12.5%
Transport equipment	12.5% - 25%
Office equipment	10% - 33%

Expenditure on maintenance and repair costs that neither increases the useful life nor results in significant benefits or improvements to the tangible asset elements, are recorded as costs in the year when they occur.

If the amount recorded is greater than the recoverable value of the asset, this is reduced to the estimated recoverable value by recording impairment losses.

When the item is disposed of or sold, the difference between the sale amount and the sum recorded for the asset are recognized in the income statement, under Other income or Other costs caption.

2.7. Leases

Assets used under a finance lease, where the Group substantially assumes all of the risks and advantages inherent to its possession, are classified as tangible fixed assets and are depreciated in accordance with the policy established by the Group for such assets (Notes 8 and 23).

Interest included in the value of the rent and the depreciations of the respective tangible assets are recognized as costs in the income statement for the year to which they relate.

Operating leases are leases where the Group's companies, are the lessee and the lesser and on which they assume a significant part of the risks and benefits of ownership (Note 33 a). The payments arising from the execution of these contracts are booked in the income statement during the period of the lease.

2.8. Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their balance sheet value is principally recoverable through sale and not through their continued use. For assets to be classified in this way, in accordance with IFRS 5, they must be available for immediate sale in their current condition, the sale has to be highly probable and the Board of Directors has to have committed to make the sale within a period of 12 months.

Non-current assets classified as held for sale are recorded at their acquisition value or at their fair value, whichever is smaller, less the expected costs of the sale.

The liquidation value of assets and liabilities relating to discontinued operations appear under their own captions on the consolidated balance sheet, and the net profit or loss for the period is recorded separately on the consolidated income statement.

2.9. Financial assets

The Group classifies financial assets as follows (excluding financial investments in subsidiaries and in associates):

Held-to-maturity investments: Non-derivative financial assets, with fixed or variable repayments, with fixed maturity and which the Board of Directors intends to retain until their respective maturity dates;

Financial assets at fair value through profit or loss: Financial assets which are held for short-term purposes, including financial assets held for trading and derived instruments not involved in hedging. The assets and liabilities are measured at fair value through profit or loss;

Loans and receivables: Non-derivative financial assets, with fixed or determined payments, which are not quoted in an active market. The balances related to these assets are recorded on the consolidated balance sheet under Customers, Other current and non-current assets and Cash and cash equivalent;

Available-for-sale financial assets: Non-derivative financial assets considered available for sale or which do not fit in any of the preceding categories.

Held-to-maturity investments, loans and receivables are classified as non-current assets, unless they will be settled within 12 months of the date of the balance sheet. Investments registered at fair value through profit or losses are classified as current investments. Investments and disinvestments are recognized on the trade date regardless of the settlement date.

Financial assets are initially recorded using their acquisition value, which corresponds to their fair value on that date, and includes transaction costs, with the exception of held-to-maturity investments, which are recorded at amortised cost using the effective interest method.

After initial recognition, the investments recorded at fair value through profit or loss and the available-for-sale investments are revalue for their fair values, with reference to their market value at the date of closing the balance sheet. Available-for-sale financial assets representing share capital in unlisted companies, where it is impossible to determine their fair value, are recorded at the acquisition cost, taking any impairment losses into account. Gains and losses arising from an alteration in the fair value of available-for-sale investments are recorded under equity until the investment is sold, matures or is otherwise liquidated, at which time the accumulated gain or loss that was recorded under equity is moved to the income statement. In situations in which the fair value of the investment is less than its acquisition cost and this situation is considered to be a permanent loss (impairment), the loss is recorded on the income statement and the sum recorded under equity is reversed.

2.10. Financial liabilities

IAS 39 provides for two classifications for financial liabilities:

Financial liabilities at fair value through profit and loss: Financial liabilities held for the purpose of selling in the short term, including financial liabilities held for trading and derivative instruments not involved in hedging. The liabilities are measured at fair value through profit and loss; and

Other financial liabilities: Non-derivative financial liabilities, with fixed or determined payments, which are not quoted in an active market. Other financial liabilities include Loans (Note 2.18) and Suppliers and other payables (Note 2.22). These liabilities are initially recognized at fair value and are subsequently measured at amortised cost in accordance with the effective interest rate. Financial liabilities are derecognized when the underlying liabilities are extinguished by payment, canceled or expire.

2.11. Securitisation of trade receivables

In accordance with IAS 39, trade receivables balances subject to securitisation contracts are only derecognized if the following conditions are met simultaneously:

- The right to receive the remuneration underlying the asset has been transferred;
- A substantial part of the associated benefits and risks of the asset has not been retained;
- Control over the operations has been transferred.

The Group only derecognises customer balances and other receivables (removed from the asset) when it has substantially transferred the associated risks and benefits from holding those assets, as set out above. The pending receivables are included under Trade receivables and the funds received from securitisation are recorded under Loans associated to financial assets (Notes 23 and 38).

2.12. Impairment

An evaluation over the possible impairment of the asset is conducted at the date on which the balance sheet is closed and whenever a change in circumstances indicates that the sum recorded for an asset cannot be recovered (Note 18). The non-current assets that are not depreciated as they do not have a finite useful life are subjected to periodic impairment tests.

Whenever the carrying value of an asset is shown to be greater than its recoverable amount, an impairment loss/provision is recognized and recorded on the income statement, or the asset is revalue and the revaluation recorded under equity. The recoverable value is either the fair value of an asset less the cost of selling it, or its value in use, whichever is the higher.

An impairment loss recognized in preceding years is reversed when the reasons for recording the loss no longer exist (with the exception of Goodwill). The reversal is recorded on the income statement, unless the asset has been revalued and the revaluation was booked in equity, having been reduced by the impairment loss.

2.13. Inventories

Merchandise, maintenance and repair materials, and packaging materials are valued at either the net realisable value or the acquisition cost, including necessary expenditure on storage, whichever is the lower. The Group uses the weighted average cost method for costing goods sold. In case the net amount for which the good was sold is lower thant the value it was booked for, the difference is registered in the income statement.
2.14. Third party debts

Third party debts are recorded at their nominal value less any impairment losses, recognized under Other costs - impairment of current assets, so these reflect their net current realisable value.
Trade receivables balances securitised by discounted bills and pending at the date of the balance sheet, are recognized on the Group financial statements until these have been received.

2.15. Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits and other short-term investments maturing in less than 3 months, which can be immediately mobilised without significant risks of fluctuation in value. For the purposes of the cash flow statement, this heading also includes bank overdrafts, which are given on the balance sheet, under current liabilities and under Loans.

2.16. Share capital and own shares

The costs directly attributable to issuing new shares are given as a deduction, net of taxes, from the amount received as a result of the issue and are recorded under shareholders equity.

Costs directly attributable to the issuance of new shares are shown as a deduction, net of taxes, to the received amount, as a result of the issuance and are recorded in equity.

Own shares are accounted for by their acquisition value as a reduction to the shareholders equity. The gains and losses inherent in the sale of own shares are recorded under shareholders equity.

2.17. Dividends

Dividends are recorded as liabilities in the period in which their distribution is approved by the shareholders of Inapa - IPG until the date of payment.

2.18. Loans

Loans are initially recorded under liabilities at their nominal value, net of issuing costs, and subsequently at the amortised cost. Financial costs are calculated in accordance with the effective interest rate, including premiums, and accounted for in the income statement in accordance with the accruals basis of accounting and added to the current liabilities, if they are not paid during the period.

Loans are classified under current liabilities, unless the Group has the unconditional right to defer the reimbursement of the loan for a period of not less than 12 months counting from the date of the balance sheet.

2.19. Income tax

Income tax includes current taxes and deferred taxes.

Inapa - IPG and its subsidiaries headquartered in Portugal are taxable to Corporate Income Tax (IRC - Imposto sobre o Rendimento de Pessoas Colectivas), through the special tax regime for groups consisting of companies where the holding is 90% or more and which meet the requirements of articles 69 and following, of the IRC Code. Inapa - IPG, as the parent company, is responsible for calculating the Group's taxable profit, through the algebraic sum of the taxable profits and the tax losses on the income statements of each of the subsidiary companies belonging to the Group. The foreign subsidiaries of the Company are taxed in accordance with the tax regimes in force in their respective countries of origin.

Deferred tax situations are recognized in the accounts, when relevant. The recognized deferred taxes correspond to temporary differences between the sums of assets and liabilities for the purposes of the financial report and the respective sums for tax purposes. Assets are recorded for deferred taxes when there is a reasonable expectation of future taxable income for them to be used. On the date of each balance sheet a reappraisal is carried out of the temporary differences underlying the assets for deferred taxes in accordance with the present expectation of their future recovery. The deferred taxes are recorded on the income statement, except when related to values that have been entered under shareholders equity, which implies their recognition in the shareholders equity.

The income tax is recognized in interim financial statements, based on estimated annual effective rate for the annual financial statements.

2.20. Provisions

Provisions are recognized when, and only when, there is a present liability (legal or implicit) from a past event, when it is probable that it will generate an outflow of resources and when the sum of the liability can be reasonably estimated. Provisions are reviewed on the date of each balance sheet, and are adjusted so as to reflect the best estimate on this date (Note 24).

2.21. Employee benefits

Pension plan – defined benefit plans

The subsidiaries Inapa France, SA and Papier Union, GmbH have taken responsibility for contributing to defined benefit pension plans for some of their employees.

The liability of Inapa regarding each of these plans is estimated by specialised, independent entities, on an annual basis on the date of the balance sheet, using the projected unit credit method. In accordance with IAS 19, the costs related to the liabilities are recorded to the extent that the services are provided to the employees benefiting from the plans.

The present value of the responsibilities arising from the defined benefits of a company and the services' costs are determined using the projected unit credit method, in which each service term entitles the worker to an additional unit of the benefit, being each unit estimated separately. A benefit is attributed during the current period (estimated service current cost) and previous periods (estimate of the present value of the responsibilities arising from the defined benefits).

The benefit is attributable to the periods of services, using the plan's benefits formula, unless the estimate of benefits from previous year's services is higher, in which case the benefit is estimated using the linear method.

The responsibilities arising for past services, deducted from the actuarial gains or losses and the market value of the funds used to hedge them, are registered in the caption Employee benefits. In the income statement are registered the current services costs and the interests costs net from the estimated yield from the funds. The actuarial gains or losses arising from using an actuarial evaluation method are recognized in equity.

Pension plans - defined contribution plans

The periodic contributions made for defined contribution plans are booked in the income statement, with no additional responsibilities arising to the company.

Post-retirement benefits

In accordance with local legislation, the subsidiaries in France have the responsibility to pay their employees a sum on the date of their retirement, based on the number of years of worked for the company. The value of this liability, resulting from past services, is estimated at least annually, on the balance sheet date, by specialised, independent entities using the projected unit credit method and is recorded under the caption Employee benefits, using a methodology similar to the benefit plans described above.

2.22. Suppliers and other current payables

The balances to be paid to suppliers, for taxes and other current liabilities are recorded by their nominal value, which on the date of initial entry corresponds to their fair value.

2.23. Recognition of income and expenses

Income resulting from sales is recognized on the consolidated income statement when the associated risks and benefits relating to the assets are transferred to the purchaser and the amount of income can be reasonably quantified. Income resulting from service rendered is recognized on the consolidated income statement with reference to the phase of completion of the service rendered at the balance sheet date. Sales and service rendered are recognized net of tax, discounts and other inherent costs at their concretisation, by the fair value of the amount received or receivable.

Group companies record their income and expenses in accordance with the accrual basis of accounting, in which the income and expenses are recognized as they arise, independently of when they are received or paid. The difference between the amounts received or paid and the corresponding income and expenses are recorded under Other current assets and Other current liabilities (Notes 16 and 26).

2.24. Segment Report

An operating segment is an identifiable component of the Group that performs business activities and whose financial information is used in the Group Management decision making process.

The Group has identified three operating segments: paper supply, packaging and visual communication. The financial information relating to the various operating segments is shown in Note 7. Paper supply is performed in all of the countries where the Group is present, packaging is performed in France, Germany and Portugal and the Visual communication is performed in Germany and Portugal.

2.25. Contingent assets and liabilities

Contingent liabilities in which a possible outflow of funds affecting future economic benefits is unlikely are not recognized in the consolidated financial statements, being included in the Notes to the financial statements (see Note 34), unless the possibility of achieving the outflow of funds affecting future economic benefits is remote, in which case they are not included. Provisions are recognized for the situations satisfying the conditions set out in Note 2.20.

Contingent assets are not recognized in the consolidated financial statements, but are given in the Notes to the financial statements when it is likely there will be a future economic benefit.

2.26. Subsequent events

Events after the date of the balance sheet that provide additional information about conditions existing at the date of the balance sheet are reflected in the consolidated financial statements. Events after the date of the balance sheet that provide information about conditions that occur after the date of the balance sheet are given in the notes to the consolidated financial statements, if material (see Note 40).

2.27. New standards, interpretations and amendment to the standards

On January 1, 2013 came into effect the following change as a result of its publication by the IASB and its adoption by the European Union:

- IAS 1 (amendment) - Presentation of Financial Statements.
- IAS 12 (amendment) – Income Taxes.
- IAS 19 (revision 2011) - Employee Benefits.
- IFRS 1 (amendment) - First time adoption of IFRS.
- IFRS 7 (amendment) - Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities.
- IFRS 13 (new) - Fair Value Measurement.
- IFRIC 20 (new) - Stripping Costs in the Production Phase of a Surface Mine.
- Improvements to standards 2009-2011 - cycle of annual improvements of 2009-2011, which affects: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34

According to the company analysis it is not estimated that implementing the amendments and new standards set out above has a significant impact, with exception of IAS 19, which gave origin to the restatement of 2012 Financial Statements.

Implementing IAS 19 (as revised in 2011) resulted in differences when recognizing and measuring costs incurred with defined benefit plans. Actuarial variations should be recognized immediately in Retained earnings, thus eliminating the Corridor approach, which was being used by the Group up until this moment. The impact of adopting this change is disclosed on Note 3.

During 2013, the International Accounting Standards Board (IASB) issued new standards and amendments to already existing standards for which adoption is not yet mandatory for periods beginning on or after 30 June 2013, whether because these amendments have not yet been adopted by the European Union or early adoption is not yet required by this entity:

- IAS 27 (revision 2011) – Separate Financial Statements (effective date of application in the EU for periods beginning in of after 1 January 2014).
- IAS 28 (revision 2011) - Investments in Associates and Joint Ventures (effective date of application in the EU for periods beginning in 1 January 2014).
- IAS 32 (amendment) - Financial Instruments: Presentation (effective date of application for periods beginning in or after 1 January 2014).
- IAS 36 (amendment) - Impairment of Assets (effective date of application for periods beginning in or after 1 January 2014).
- IAS 39 (amendment) - Financial Instruments: Recognition and Measurement (effective date of application for periods beginning in or after 1 January 2014).
- IFRS 9 (new) - Financial Instruments (effective date of application in the EU for periods beginning in or after 1 January 2015).
- IFRS 10 (new) - Consolidated Financial Statements (effective date of application in the EU for periods beginning in or after 1 January 2014).
- IFRS 11 (new) - Joint Arrangements (effective date of application in the EU for periods beginning in or after 1 January 2014).
- IFRS 12 (new) - Disclosure of Interests in Other Entities (effective date of application in the EU for periods beginning in or after 1 January 2014).
- IFRS 10, 11 and 12 (amendments) – Transition period (effective date of application for periods beginning in or after 1 January 2014).
- Amendment to IFRS 10, IFRS 12 and IAS 27 - Entities operating financial investments (effective for annual periods beginning on or after January 1, 2014).
- IFRIC 21 (new) – Levies (effective date of application for periods beginning in or after 1 January 2014).
- Improvements to 2010-2012 standards (effective date of application for periods beginning in or after 1 July 2014).
- Improvements to 2011-2013 standards (effective date of application for periods beginning in or after 1 July 2014).

When preparing the Financial Statements, the Group chose not to make an early adoption of these standards.

Accordingly with the Group's evaluation, no significant impact is expected from the adoption of these amendments and new standards.

NOTE 3

Changes in accounting policies

During 2013 there were not significant changes to the accounting policies applied in previous periods, with the exception of IAS 19 – Employee Benefits (revised in 2011), with effective date of mandatory application for periods beginning in 1 January 2013 (see note 2.27). The adoption of this standard implied that actuarial gains and losses, previously differed and amortized for the average estimated period of future services cost of employees up to their retirement age, must be recognized in Equity. Under this circumstances and according with IAS 8, in 2013 the Group proceeded, to the restatement of 2012 Financial Statements. Therefore, the Group began recognizing every actuarial gain or loss in Retained earnings.

In addition, the amounts due related with financial leases, which were previously record in Other payables are now included in Loans.

The restatement above mentioned had the following impacts:

Consolidated Balance Sheet	DECEMBER 31, 2012 PUBLISHED	EMPLOYEE BENEFITS	FINANCIAL LEASES	DECEMBER 31, 2012 RESTATED	DECEMBER 31, 2011 DISCLOSED	EMPLOYEE BENEFITS	FINANCIAL LEASES	DECEMBER 31, 2011 RESTATED
Shareholders Equity								
Share capital	204,176	-	-	204,176	204,176	-	-	204,176
Share issue premium	450	-	-	450	450	-	-	450
Reserves	44,342	-	-	44,342	44,465	-	-	44,465
Retained earnings	-49,828	-891	-	-50,719	-43,667	-785	-	-44,452
Net profit for the period	-6,035	86	-	-5,949	-6,161	130	-	-6,031
	193,105	**-805**	**-**	**192,300**	**199,263**	**-655**	**-**	**198,608**
Non controlling interests	4,068	-	-	4,068	3,991	-	-	3,991
Total shareholder equity	**197,173**	**-805**	**-**	**196,368**	**203,254**	**-655**	**-**	**202,599**
Non-current iabilities								
Employee benefits	4,002	805	-	4,807	3,518	655	-	4,173
Loans	84,115	-	7,582	91,697	148,469	-	8,711	157,180
Other non-current liabilities	7,582	-	-7,582	-	8,711	-	-8,711	-
Current liabilities								
Loans	221,058	-	1,116	222,174	176,259	-	1,294	177,553
Other current liabilities	20,722	-	-1,116	19,606	23,661	-	-1,294	22,367
Total liabilities	**480,067**	**805**	**-**	**480,872**	**485,673**	**655**	**-**	**486,328**
Total shareholder equity and liabilities	**677,239**	**-**	**-**	**677,239**	**688,928**	**-**	**-**	**688,928**
Income Statement								
Personnel Costs	**-78,230**	**86**	**-**	**-78,144**	**-**	**-**	**-**	**-**

NOTE 4

Financial Risk Management

The Group's activities expose it to a variety of financial risk factors: market risk (including foreign risk and risk associated with interest rates and prices), credit risk and liquidity risk. The Group's exposure to financial risk is essentially associated with customer receivables and loans obtained from financial entities, which gives rise to risks derived from non-compliance with contract conditions and to risk of fluctuations in interest rates.

Financial risk is managed centrally by the Financial Department located in Portugal, in accordance with the policies approved by the Board of Directors, and in direct cooperation with the various subsidiaries. Fluctuations in the financial market, particularly with regard to interest rates, are continuously analysed and, when considered necessary, measures are taken to minimise the Group's exposure to financial risk.

a) Market Risk

Changes in foreign Exchange rate

Variations in the exchange rate for the Euro into other currencies, particularly the Swiss franc, Kwanza and Turkish lira can impact on the financial situation of the company, as Inapa operates in Switzerland, Angola and Turkey.

Even though these markets do not represent more than 7.1% of Group sales, possible devaluations in these currencies, against the Euro, could have a negative impact on the activity, the financial situation and on the income statement.

The Group also has indirect exposure to the US dollar and other currencies due to the impact that variations in these currencies have on its competitiveness as, whenever the Euro climbs against other currencies, the distributors based in the zone of influence of these currencies become more competitive compared to European producers, who are the main suppliers of the Group.

The following table shows the Group's exposure to foreign exchange rate risk on 31 December 2013 and 2012, based on the balance sheet values for the financial assets and financial liabilities of the Group:

	EURO	GBP	CHF	USD *	TRY	TOTAL
December 31, 2013						
Assets						
Cash and cash equivalents	22,588	8	1,165	158	916	24,835
Trade receivables and other assets	183,888	-	2,256	1,163	9,949	197,255
Available-for-sale assets	25	-	15	-	-	40
Total financial assets	**206,501**	**8**	**3,436**	**1,320**	**10,865**	**222,130**
Liabilities						
Loans and other financial instruments	360,746	-	1,059	217	4,016	366,037
Suppliers and other liabilities	68,185	-	2,377	201	4,655	75,418
Total of financial liabilities	**428,931**	**-**	**3,436**	**418**	**8,671**	**441,455**
Balance sheet - net financial position	**-222,430**	**8**	**-**	**903**	**2,194**	**-219,325**
December 31, 2012						
Assets						
Cash and cash equivalents	17,167	9	3,216	216	-	20,608
Trade receivables and other assets	200,857	-	9,064	1,171	-	211,092
Available-for-sale assets	22	-	40	-	-	62
Total financial assets	**218,046**	**9**	**12,320**	**1,387**	**-**	**231,762**
Liabilities						
Loans and other financial instruments	366,430	-	-	313	-	366,743
Suppliers and other liabilities	65,086	-	3,653	126	-	68,865
Total of financial liabilities	**431,516**	**-**	**3,653**	**439**	**-**	**435,608**
Balance sheet - net financial position	**-213,470**	**9**	**8,667**	**948**	**-**	**-203,846**

*Information prepared concurrently in two currencies: kwanzas and US dollars.

On December 31, 2013 a positive variation of the Euro on 1% against other currencies would result in a negative impact on Equity of 31 thousand euros (December 31, 2012: 96 thousand euros).

Changes in interest rates

The cost of the majority of the financial debt contracted by Inapa is indexed to variable reference rates, exposing Inapa to interest rate risk. As Inapa does not hedge this exposure to adverse variations in interest rates, these variations may have a negative material effect on its operations, financial situation and income. However, as a way of managing these variations, the Group financial department continuously follows the development of the market, being ready to use financial instruments to minimise the effects of the volatility in interest rates.

On December 31, 2013, if the reference interest rate used for the contracted loans varied by 0.1%, keeping all other variables constant, the annualised financial charges would vary by about 366 thousand Euros (December 31, 2012: 367 thousand Euros).

On December 31, 2013 and 2012 the change in the financial assets and liabilities with exposure to foreign exchange rate risk in relation to maturity or the date of revision of the interest rate (Euribor 1, 3 or 6-month) is given below:

	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
December 31, 2013						
Assets						
Non current assets						
Available-for-sale financial assets				40	-	40
Other receivables		2,766			-	2,766
Current	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-
Other receivables		1,579	-	-	-	1,579
Cash and cash equivalents	24,835	-	-	-	-	24,835
Total of financial assets	**24,835**	**4,345**	**-**	**40**	**-**	**29,220**
Liabilities						
Non current						
Loans	11,769	41,850	56,263	1,083	470	111,436
Financing associated to financial assets	47,002	-	-	-	-	47,002
Current						
Loans	94,869	48,715	63,427	537	52	207,599
Total of financial liabilities	**153,640**	**90,564**	**119,689**	**1,621**	**522**	**366,037**
December 31, 2012						
Assets						
Non current assets						
Available-for-sale financial assets	-	-	-	62	-	62
Other receivables	-	6,208	-	-	-	6,208
Current						
Available-for-sale financial assets	-	-	-	-	-	-
Other receivables	-	242	-	-	-	242
Cash and cash equivalents	20,608	-	-	-	-	20,608
Total of financial assets	**20,608**	**6,450**	**-**	**62**	**-**	**27,120**
Liabilities						
Non current						
Loans	8,903	13,813	67,517	1,464	-	91,697
Financing associated to financial assets	52,872	-	-	-	-	52,872
Current						
Loans	92,186	101,636	27,858	514	-	221,174
Total of financial liabilities	**153,941**	**115,449**	**95,375**	**1,978**	**-**	**366,743**

b) Credit Risk

Inapa is exposed to this kind of risk because of the credit it provides to its customers. The Group does not have significant credit risk and has credit risk evaluation and monitoring policies that ensure that sales are made only to customers with an appropriate credit history.

Whenever appropriate solutions are available for the contingencies the companies face, they hedge these risks by contracting credit insurance.

In addition, Inapa has a policy of monitoring trades receivable accounts closely and continuously, particularly taking their age and associated risks into consideration and if risks are found regarding their collection, they will be recognized as an impairment loss.

The maximum exposure to credit risk corresponds to the accounting values of the financial assets given in the following tables regarding the concentration of credit risk.

On 31 December 2013 and 2012, the ageing of trade receivables balances and the credit limit for the customer portfolio were as follows:

	2013		2012	
	CUSTOMERS	OTHER FINANCIAL ASSETS	CUSTOMERS	OTHER FINANCIAL ASSETS
Current accounts not due	110,114	54,660	124,005	64,055
Past due accounts				
1 to 30 days	8,863	42	10,122	47
31 to 90 days	6,102	27	3,190	170
+ than 91 days	11,976	614	6,414	492
	137,055	**55,343**	**143,731**	**64,764**
Doubtfull accounts	26,981	4,239	20,487	4,255
Impairment	-22,123	-4,239	-17,890	-4,255
Net trade receivables balances	**141,913**	**55,343**	**146,328**	**64,764**
Trade credit insurance limit	**393,505**		**410,673**	

For past-due balances, Inapa considers that no risk of losses will be coming for no-payment debt.

The entities with debts for the Group have no known rated “rating”.

c) Concentration of Credit Risk

Concentration of financial assets by operating segment

The table below gives Inapa’s exposure to credit risk on December 31, 2013 and 2012, in accordance with the asset balances, categorised by operating segment:

	PAPER SUPPLY	PACKAGING	VISUAL COMMUNICATION	OTHER BUSINESS AND ACTIVITIES	TOTAL
December 31, 2013					
Assets					
Cash and cash equivalents	23,072	1,184	150	428	24,835
Available-for-sale financial assets	26	2	-	13	40
Trade receivables and other assets	163,763	8,979	4,403	20,111	197,256
Total assets	**186,761**	**10,164**	**4,553**	**20,551**	**222,130**

	PAPER SUPPLY	PACKAGING	VISUAL COMMUNICATION	OTHER BUSINESS AND ACTIVITIES	TOTAL
December 31, 2012					
Assets					
Cash and cash equivalents	19,316	986	6	300	20,608
Available-for-sale financial assets	48	1	-	13	62
Trade receivables and other assets	175,568	6,595	3,236	25,693	211,092
Total assets	**194,932**	**7,582**	**3,242**	**26,006**	**231,762**

Concentration of financial assets by geographical region

The table below gives Inapa's exposure to credit risk on December 31, 2013 and 2012, in accordance with the asset balances, categorised by geographical region:

	IBERIA	FRANCE	SWITZERLAND AND GERMANY	ANGOLA	OTHERS	TOTAL
December 31, 2013						
Assets						
Cash and cash equivalents	1,425	335	21,866	158	1,051	24,835
Available-for-sale financial assets	13	8	15	-	3	40
Trade receivables and other assets	60,403	50,605	73,813	1,163	11,873	197,256
	61,841	**50,948**	**95,095**	**1,320**	**12,927**	**222,130**
December 31, 2012						
Assets						
Cash and cash equivalents	1,115	969	18,173	216	135	20,608
Available-for-sale financial assets	12	7	40	-	3	62
Trade receivables and other assets	66,618	49,786	91,169	1,171	2,348	211,092
	67,745	**50,762**	**109,382**	**1,387**	**2,486**	**231,762**

d) Liquidity Risk

Inapa manages the Group's liquidity risk using two approaches: by ensuring that the medium and long-term component of its financial debt is appropriate to the volume of funds expected to be generated and by having credit facilities continuously available (lines in the current account).

The following table analyses the Group's remunerated financial liabilities on 31 December 31, 2013 and 2012 by applicable maturity groupings, based on the period remaining until contractual maturity. The sums given in the table are undiscounted contractual cash flows plus interests.

	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
December 31, 2013						
Liabilities						
Loans and finnacial instruments						
Commercial Paper	396	256	43,233	-	-	43,885
Bank loans	14,820	21,566	132,389	75,839	2,986	247,600
Other loans	73	138	6,387	31,108	-	37,706
Financing associated to financial assets	79	150	699	47,695	-	48,623
Other liabilities - finance lease	304	9	931	5,137	1,557	7,938
	15,672	**22,119**	**183,639**	**159,779**	**4,543**	**385,751**

	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
December 31, 2012						
Liabilities						
Loans and finnacial instruments						
Commercial Paper	405	338	52,590	-	-	53,333
Bank loans	2,260	34,229	96,584	64,601	24,465	222,139
Other loans	85	1,128	43,472	-	-	44,685
Financing associated to financial assets	87	165	768	54,655	-	55,675
Other liabilities - finance lease	284	5	927	5,742	2,176	9,134
	3,121	**35,865**	**194,341**	**124,998**	**26,641**	**384,966**

NOTE 5

Financial assets and financial liabilities

Reconciliation of the consolidated balance sheet with the various categories of financial assets and liabilities it includes is detailed below:

	CREDIT AND RECEIVABLES	AVAILABLE-FOR-SALE FINANCIAL ASSETS	OTHER FINANCIAL LIABILITIES
December 31, 2013			
Assets			
Available-for-sale financial assets	-	40	-
Other non-current assets	24,232	-	-
Trade receivables and others current assets	173,023	-	-
Cash and cash equivalents	24,835	-	-
Assets	**222,090**	**40**	**-**
Liabilities			
Loans and other non-current financial instruments	-	-	111,436
Other non-current liabilities	-	-	6,032
Current loans	-	-	207,599
Financing associated to financial assets	-	-	47,002
Suppliers and Other current liabilities	-	-	69,407
Liabilities	**-**	**-**	**441,476**
December 31, 2012			
Assets			
Available-for-sale financial assets	-	62	-
Other non-current assets	27,900	-	-
Trade receivables and others current assets	183,192	-	-
Cash and cash equivalents	20,608	-	-
Assets	**231,700**	**62**	**-**
Liabilities			
Loans and other non-current financial instruments	-	-	84,115
Other non-current liabilities	-	-	7,582
Current loans	-	-	221,058
Loans associated with financial assets	-	-	52,872
Suppliers and Other current liabilities	-	-	69,981
Liabilities	**-**	**-**	**435,608**

The fair value of the assets and liabilities is equivalent to their balance sheet value

Financial assets and financial liabilities gains and losses for 2013 and 2012 breakdown as follows:

	2013	2012
Gains / (losses) from loans and receivables	-2,676	-3,197
Gains / (losses) from other financial liabilities	-	-
Gains / (losses) from available-for-sale financial assets	21	-
Interest obtained:		
From available-for-sale	-	9
From loans and other receivables	494	602
Interest paid:		
From financial liabilities measured at amortised cost	-11,577	-13,201
Commission, guarantee and other costs of financial liabilities	-3,787	-4,176
Total net gains and losses	**-17,524**	**-19,963**

NOTE 6

Relevant estimates and judgments

The preparation of the financial statements was in accordance with generally accepted accounting principles, using estimates and assumptions that affect the reported amounts of assets and liabilities and of income and expenses during the reporting year. While the estimates have been based on the best knowledge of the Board of Directors regarding current events and operations, actual results may differ from these in the final analysis. It is, however, the conviction of the Board of Directors that the estimates and assumptions do not incorporate significant risks that could cause material adjustments to the value of assets and liabilities during the course of the following year.

Estimates that present a significant risk of producing a material adjustment in the accounting value of the assets and liabilities in the following period are given below:

a) Estimates of impairment of Goodwill and own brands

The Group performs annual impairment tests in Goodwill, in accordance with the accounting policy given in Note 2.3. Recoverable values for cash flow generating units are determined based on calculated usage value. These calculations require that the Group uses estimates (Note 9).

When calculating the cash flow generated by cash-generating units a figure for average sales growth was estimated: If it is 0.5% lower, with all other variables remaining constant, it is not necessary to record an impairment loss. Nor would an impairment loss be recorded if the discount rate is 0.5% higher and all other variables remained constant. However, in the case of an increase of, at least, 1% it would be required to register an impairment loss.

Similarly, impairment tests are conducted on the brands recorded in Other intangible assets, where estimates were used (Note 10). If all other variables remain constant and the discount rate is 0.5% higher, it is not necessary to record an impairment loss. In the case of estimating the average sales growth down by 0.5% and all other variables remain constant, it would not be necessary to recognize an impairment loss in the value of its own brands. However, in the case of an increase of, at least, 1% of the discount rate it would be required to register an impairment loss.

b) Actuarial assumptions

The liabilities for defined benefits are calculated based on actuarial assumptions. Differences arising between the assumptions and reality may affect the financial statements in ways that may or may not be significant.

c) Income Tax

The Group is subject to income tax in various jurisdictions and the tax calculation made by the Group is subject to review by various tax authorities. If the final result from these reviews differs from the initially recorded values, the differences will have an impact on income tax and the provisions for deferred taxes in the year in which such differences are identified.

In addition, the assets for deferred taxes correspond to the value of tax losses for which there is an expectation of future recovery. A failure to recover tax losses or an alteration in the expectation of recovery in future years will have an impact on the income for the year in which the situation occurs.

d) Doubtful accounts

Impairment losses related to doubtful accounts are based on an evaluation the Group conducts into the probability of recovering receivables. This evaluation process is subject to various estimates and judgements. Alterations to these estimates may have an impact on impairment levels and, consequently, have an impact on the results.

e) Provisions for litigation

The Group is involved in various on-going legal actions and, whenever considered necessary, provisions are made in accordance with management estimates, which are based on the legal opinion of the Group's lawyers (Note 2.20).

A negative decision in any on-going action may have an adverse effect on operations, the financial situation and Group results.

NOTE 7

Segment report

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, assets and liabilities 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 December 31, 2013 and 2012 for operating segments is as follows:

December 31, 2013	PAPER	PACKAGING	VISUAL COMMUNICATION	OTHER OPERATIONS	ELIMINATIONS ON CONSOLIDATIONS	CONSOLIDATED
REVENUES						
External sales	794,599	62,506	31,606	14	-	888,724
Inter-segment sales	867	2,393	3,967	-	-7,227	-
Other revenues	30,110	925	805	697	-	32,537
Total Revenues	**825,576**	**65,823**	**36,377**	**711**	**-7,227**	**921,261**
RESULTS						
Segment results	15,435	3,433	1,464	-3,887	350	16,795
Operacional results						**16,795**
Interest expenses	-7,489	-605	-269	-10,514	3,044	-15,833
Interest income	3,127	13	35	1,212	-3,427	961
Tax on profits	-	-	-	-	-	-563
Income from ordinary activities						**1,360**
Gains/ (losses) in associated companies						-7
Net profit /(loss) for the year						**1,353**
Attributable:						
Equity shareholders						1,273
Minority interests						80
OTHER INFORMATION						
Segment assets	572,627	33,542	15,459	30,679	-	652,307
Non-imputable Group assets						24,092
Total consolidated assets						**676,399**
Segment liabilities	296,828	12,073	3,610	690	-	313,201
Non-imputable Group liabilities						169,338
Total consolidated liabilities						**482,540**
Capex	5,148	871	1,462	1,315	-	8,796
Depreciation	4,264	445	152	798	-	5,658
Provisions (impairment of assets)	3,962	52	131	46	-	4,190

December 31, 2012	PAPER	PACKAGING	VISUAL COMMUNICATION	OTHER OPERATIONS	ELIMINATIONS ON CONSOLIDATIONS	CONSOLIDATED
REVENUES						
External sales	846,716	52,227	27,662	129	-	926,734
Inter-segment sales	616	1,980	3,254	-	-5,850	-
Other revenues	35,693	683	520	364	-	37,260
Total Revenues	**883,025**	**54,890**	**31,436**	**493**	**-5,850**	**963,994**
RESULTS						
Segment results	12,760	2,365	1,330	-4,982	615	12,088
Operacional results						**12,088**
Interest expenses	-7,923	-426	-230	-12,260	3,406	-17,434
Interest income	2,795	14	15	963	-3,102	685
Tax on profits	-	-	-	-	-	-1,199
Income from ordinary activities						**-5,860**
Gains/ (losses) in associated companies						4
Net profit /(loss) for the year						**-5,856**
Attributable:						
Equity shareholders						-6,035
Minority interests						179
OTHER INFORMATION						
Segment assets	577,839	24,981	14,372	37,183	-	654,375
Non-imputable Group assets						22,864
Total consolidated assets						**677,239**
Segment liabilities	296,569	8,663	2,402	1,003	-	308,637
Non-imputable Group liabilities						171,430
Total consolidated liabilities						**480,067**
Capex	2,904	165	41	61	-	3,171
Depreciation	4,300	359	71	797	-	5,527
Provisions (impairment of assets)	8,770	50	205	-	-	9,025

On December 31, 2013 and 2012, the values of assets located in the different markets where Inapa has supply operations and the sales by country were as follows:

	2013		2012	
	ASSETS	SALES	ASSETS	SALES
Germany	206,415	431,302	210,417	447,035
France	95,206	189,736	111,308	217,282
Portugal	32,598	40,031	33,971	41,449
Others	238,409	133,530	222,143	140,950
	572,627	**794,599**	**577,839**	**846,716**

Non-current assets by geographical region

On December 31, 2013 and 2012 the values of non-current assets by location were as follows:

	2013				
	GERMANY	FRANCE	PORTUGAL	OTHERS	TOTAL
Tangible fixed assets - net	35,477	24,006	30,235	3,279	92,997
Other non current assets	3,451	3,708	16,948	125	24,232
	38,928	**27,714**	**47,183**	**3,404**	**117,229**

	2012				
	GERMANY	FRANCE	PORTUGAL	OTHERS	TOTAL
Tangible fixed assets - net	37,498	24,131	27,566	2,893	92,088
Other non current assets	6,880	3,890	17,005	125	27,900
	44,378	**28,021**	**44,571**	**3,018**	**119,988**

NOTE 8

Tangible fixed assets

During the years 2013 and 2012, the tangible fixed assets movements and the related depreciations, were as follows:

	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT AND OTHERS	IN PROGRESS	TOTAL
Tangible fixed assets							
Acquisition costs							
Balance as at January 1, 2013	**27,081**	**92,443**	**42,705**	**2,806**	**11,666**	**29**	**176,730**
Exchange rate differences	-	-	-58	-1	-58	-	-117
Increases	-	685	1,987	154	271	1,212	4,310
Disposals	-275	-3,401	-3,087	-316	-1,793	-	-8,872
Transfers/ cut	-	-27	-78	355	-122	-4	124
Changes in consolidation perimeter	806	1,881	742	391	720	-	4,540
Balance as at December 31, 2013	**27,611**	**91,581**	**42,212**	**3,389**	**10,684**	**1,236**	**176,713**
Accumulated depreciation							
Balance as at January 1, 2013	**-**	**36,366**	**35,647**	**2,455**	**10,174**	**-**	**84,642**
Exchange rate differences	-	-	-58	-2	-55	-	-115
Increases	-	1,995	1,021	301	687	-	4,004
Disposals	-	-1,393	-2,940	-309	-1,778	-	-6,420
Transfers/ cut	-	-206	312	-35	-44	-	29
Changes in consolidation perimeter	-	247	418	427	484	-	1,575
Balance as at December 31, 2013	**-**	**37,010**	**34,401**	**2,837**	**9,468**	**-**	**83,715**
Net value	**27,611**	**54,572**	**7,811**	**552**	**1,216**	**1,236**	**92,997**

	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT AND OTHERS	IN PROGRESS	TOTAL
Tangible fixed assets							
Acquisition costs							
Balance as at January 1, 2012	**27,503**	**93,072**	**41,852**	**2,186**	**11,948**	**532**	**177,093**
Exchange rate differences	-	-	24	1	23	-	48
Increases	-	370	443	50	620	160	1,643
Disposals	-422	-1,143	-83	-141	-934	-660	-3,383
Transfers/ cut	-	-24	-2	-9	-169	-3	-207
Changes in consolidation perimeter	-	168	471	719	178	-	1,536
Balance as at December 31, 2012	**27,081**	**92,443**	**42,705**	**2,806**	**11,666**	**29**	**176,730**
Accumulated depreciation							
Balance as at January 1, 2012	**-**	**34,978**	**34,053**	**1,812**	**10,367**	**-**	**81,209**
Exchange rate differences	-	-	21	22	36	-	79
Increases	-	2,208	981	105	854	-	4,149
Disposals	-	-243	-348	-122	-1,158	-	-1,871
Transfers/ cut	-	-664	517	36	-71	-	-182
Changes in consolidation perimeter	-	87	423	602	146	-	1,258
Balance as at December 31, 2012	**-**	**36,366**	**35,647**	**2,455**	**10,174**	**-**	**84,642**
Net value	**27,081**	**56,077**	**7,058**	**352**	**1,492**	**29**	**92,088**

On December 31, 2013, the gross value of tangible fixed assets funded by finance leases amounts to 15,774 thousand Euros (2012: 15,742 thousand Euros), with accumulated depreciations of 4,816 thousand Euros (2012: 4,252 thousand Euros) and debt value of 7,603 thousand Euros (2012: 8,698 thousand Euros).

The net values of assets on December 31, 2013 and 2012 under the finance lease regime were registered as follows:

	2013	2012
Land	2,182	2,182
Buildings and other construction	8,697	9,229
Transport equipment	79	79
Total	**10,958**	**11,490**

NOTA 9

Goodwill

During the years 2013 and 2012 the Goodwill's movements were as follows:

GOODWILL	
January 1, 2012	
Acquisition value	152,104
Accumulated Impairment losses	-11,766
Balance as at January 1, 2012	**140,338**
Moviments during 2012	
Exchange rate differences	-
Increases	3,832
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	144,170
December 31, 2012	
Acquisition value	155,936
Accumulated Impairment losses	-11,766
Balance as at December 31, 2012	**144,170**
Moviments during 2013	
Exchange rate differences	-
Increases	4,365
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	148,535
December 31, 2013	
Acquisition value	160,301
Accumulated Impairment losses	-11,766
Balance as at December 31, 2013	**148,535**

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

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

As the subsidiaries main activity is paper supply, the Board of Directors decided to treat the supply activity, as a whole, as a group of cash-generating units, taking into consideration the direct inter-dependency of the supply operations, and in compliance with IAS 36. A similar approach is also applicable to the packaging activity performed in Germany.

Accordingly, the allocation of Goodwill can be broken down as follows:

	PAPER	PACKAGING			VISUAL COMMUNICATION		TOTAL
	SUPPLY	FRANCE	GERMANY	PORTUGAL	PORTUGAL	GERMANY	
Goodwill	126,160	2,933	10,512	1,135	1,775	6,019	**148,535**

As described in Note 2.3, the values recorded in Goodwill are tested for impairment annually or whenever there is an indication of a possible loss in value. Annually the Group calculates the recoverable value of the assets and liabilities associated with the paper supply, packaging, factoring and visual communication activities by determining the value in use by means of the discounted cash flow method.

The values from the impairment tests conducted for the purposes of the financial statement of December 31, 2013, were supported by the expectations of market performance as detailed in the future cash flow projections, based on medium and long-term plans approved by the Board of Directors that cover the period to 2018. The cash flow projections beyond the period of the plans are extrapolated, using the estimated growth rates given below. The growth rates used for the impairment tests do not exceed the long-term average growth rate for the supply activity or other operations.

The management determines the budgeted gross margin based on past performance and their expectations for market performance. The weighted average growth rate used is consistent with the predictions given in reports for the sector. The after-tax discount rate used is 6.44%, corresponding to 8% before tax, and reflects specific risks related to the relevant segments

The assumptions used as a basis for the impairment test were as follows:

	DECEMBER 2013	DECEMBER 2012
Sales growth rate (in perpetuity)	1.85%	1.85%
EBITDA margin (Paper)	4.0%	4.1%
Inflation rate	2.0%	2.0%
After-tax discount rate	6.4%	6.2%
Before-tax discount rate	8.1%	8.0%

To calculate the discount rate of impairment tests were kept the same assumptions that were used in the previous year:

- Risk-free interest rate: bond yield of the German state for 30 years;
- Spread: Inapa average spread debt for the year;
- Beta: analysts' average reports following Inapa (BPI and Caixa BI);
- Market risk premium: analysts' average reports following Inapa (BPI and Caixa BI);
- Optimal capital structure: analysts' average reports following Inapa (BPI and Caixa BI);
- Tax rate: Inapa nominal tax rate for the year.

The differences registered over the previous year, at the discount rate in each of the following assumptions were as follow:

	DECEMBER 2013	DECEMBER 2012
30 years bond yield of the German state	2.72%	2.25%
Inapa average spread	3.0%	3.5%
Beta	1.11	1.11
Market risk premium	5.0%	5.0%
Optimal capital structure	43.0%	43.0%
Tax rate	30.0%	30.0%

NOTE 10

Other intangible assets

During the years 2013 and 2012, the movements in intangible assets and related depreciations were as follows:

	INDUSTRIAL PROPERTY AND OTHER RIGHTS	ADVANCES AND INTANGIBLE IN PROGRESS	TOTAL
Acquisition costs			
Balance as at January 1, 2013	**159,338**	**2,012**	**161,350**
Exchange rates differences	-29	-	-29
Increases	3,004	1,483	4,487
Disposals	-104	-	-104
Transfers/cuts	1,730	-3,119	-1,389
Changes in consolidation perimeter	233	-	233
Balance as at December 31, 2013	**164,171**	**376**	**164,547**
Accumulated depreciations			
Balance as at January 1, 2013	**49,798**	**-**	**49,798**
Exchange rates differences	-11	-	-11
Increases	1,654	-	1,654
Disposals	-247	-	-247
Transfers/cuts	148	-	148
Changes in consolidation perimeter	221	-	221
Balance as at December 31, 2013	**51,562**	**-**	**51,562**
Acquisition cost	164,171	376	164,547
Accumulated depreciations	24,098	-	24,098
Accumulated impairment losses	27,464	-	27,464
Net value	**112,609**	**376**	**112,985**

	INDUSTRIAL PROPERTY AND OTHER RIGHTS	ADVANCES AND INTANGIBLE IN PROGRESS	TOTAL
Acquisition costs			
Balance as at January 1, 2012	**158,228**	**1,838**	**160,066**
Exchange rates differences	3	-	3
Increases	680	1,073	1,753
Disposals	-585	-	-585
Transfers/cuts	859	-899	-40
Changes in consolidation perimeter	153	-	153
Balance as at December 31, 2012	**159,338**	**2,012**	**161,350**
Accumulated depreciations			
Balance as at January 1, 2012	**48,839**	**-**	**48,839**
Exchange rates differences	8	-	8
Increases	1,293	-	1,293
Disposals	-348	-	-348
Transfers/cuts	-98	-	-98
Changes in consolidation perimeter	104	-	104
Balance as at December 31, 2012	**49,798**	**-**	**49,798**
Acquisition cost	159,338	2,012	161,350
Accumulated depreciations	22,334	-	22,334
Accumulated impairment losses	27,464	-	27,464
Net value	**109,540**	**2,012**	**111,552**

Inapa identified as intangible assets, with an indefinite useful life, a set of brand names created by it or registered when subsidiaries were acquired, for which there is no time limit at which they will stop generating economic benefits for the Group.

These values of intangible assets are subject to annual imparity tests, in accordance with the definitions of IAS 36, which resulted in an impairment loss of 27,464 thousand Euros recorded in 2006, determining its value on December 31, 2013 and 2012 at 103,227 thousand Euros. The impairment tests are either based on an evaluation conducted by a specialised, independent entity or on calculations made by the Group following the same methodology.

In 2013 the Group proceeded with an external evaluation that calculated the estimated value of the brands using the method of "discounted cash flow".

The assumptions used as a basis for the calculation were supported by expectations of market development, to which projections of future cash flows were prepared, based on plans of medium and long term, comprising a period up to 2018.

The assumptions that formed the basis for calculations were as follows:

	2013	2012
Sales growth rate (in perpetuity)	1.85%	1.85%
Inflation rate	2.0%	2.0%
After-tax discount rate	6.4%	6.2%

When evaluating the brands, the methodology for determining the discount rate comprehended the same assessment as Goodwill did (see Note 9).

The examination of the "discounted cash flow" has resulted in the following recoverable amount by brand:

DESIGNATION	EVALUATION AMOUNT
Bavaria	7,181
Galaxi	21,768
Gemini	3,472
Inapa Imagine	17,689
Inapa Tecno	29,761
Primaset	6,610
Others	78,092
	164,573

On December 31, 2013, the remaining of the value recorded in Industrial property and other rights net of amortizations, amounted to 9,382 thousand Euros (December 31, 2012: 7,274 thousand Euros) and corresponded essentially to the costs of software (5,683 thousand Euros), patents and other licences as well as customers portfolio amounting to 3,699 thousand Euros.

The most significant change in other industrial property rights in 2013 and 2012 is mainly due to investment in commercial software of about 2,997 and 605 thousand euros, respectively. At Inapa France S.A. there was a transfer from Advances and intangible in progress to Industrial property and other rights relative to commercial software licences in the amount of 2,165 thousand Euros.

Additions for the year shown in Advances and intangible in progress as of 31 December 2013 amounted to 1,483 thousand euros (2012: 1,727 thousand euros) mainly correspond to advances for licenses for commercial software made following the acquisition by Inapa France, SA and Papier Union GmbH.

NOTE 11

Investment in associate companies

On December 31, 2013 and 2012, the breakdown of Investment in associate companies was as follows:

	2013	2012
Surpapel, SL	1,018	1,025
Inapa Logistics	25	25
Inapa Veerbereints	25	25
	1,068	**1,075**

On December 31, 2013, the financial information regarding the holdings recorded in Investment in associate companies was as follows (Note 37):

COMPANY	HEADQUARTER	ASSETS	SHAREHOLDERS EQUITY	REVENUES	NET PROFIT AND LOSS *	% SHARE CAPITAL	APPROPIATED NET PROFIT AND LOSS	BALANCE SHEET VALUE
Surpapel, SL	Polígono Industrial Guadalquivir, c/ Tecnología, 1 41120 Gelves Sevilha Spain	6,577	1,540	9,169	-26.1	25%	-7	1,018
Inapa Logistics	Warburgstasse, 28 20354 Hamburg Germany	25	25	-	-	100%	-	25
Inapa Vertriebs GmbH	Warburgstasse, 28 20354 Hamburg Germany	25	25	-	-	100%	-	25
							-7	**1,068**

* Estimation

The Group also holds a 40% stake in PMF - Print Media Factoring GmbH. This company was fully owned by the Group, until 60% ownership was sold in late 2012, by the amount of 966 thousand Euros. This amount will bear interest and will be received in four annual instalments, of equal amount, the first of which on December 31, 2013. Additionally, and in accordance with the sale contract, there are call options for the sale of the remaining 40% stake, by the amount of 644 thousand Euros. Taking into account the characteristics of this transaction, in 2012 was determined a gain of 1,576 thousand euros, for the sale of the full participation. The amount of 644 thousand euros, attributed to the participation not yet sold, was recorded in Other non-current assets (Note 16).

The movements that took place under the heading Investment in associate company, for the years 2013 and 2012 were as follows:

Balance as at January 1, 2012	**1,071**
Acquisitions	-
Disposals	-
Changes in consolidation perimeter	-
Share of results	4
Balance as at December 31, 2012	**1,075**
Acquisitions	-
Disposals	-
Changes in consolidation perimeter	-
Share of results	-7
Balance as at December 31, 2013	**1,068**

NOTE 12

Available-for-sale financial assets

On December 31, 2013 and 2012, the breakdown of Available-for-sale financial assets was as follows:

	2013	2012
Non current		
Others	40	62
	40	**62**
Current		
Others	-	-
	40	**62**

The Available-for-sale financial assets movements for the year ending December 31, 2013 and 2012 was as follows:

Balance as at January 1, 2012	**675**
Acquisitions	15
Disposals	-628
Changes in fair value	-
Balance as at December 31, 2012	**62**
Acquisitions	2
Disposals	-24
Changes in fair value	-
Balance as at December 31, 2013	**40**

NOTE 13

Deferred tax

All situations that may significantly affect future taxes are recorded on the financial statements on December 31, 2013 and 2012.

In 2013 and 2012, the movements in assets and liabilities due to deferred tax were as follows:

	01-01-2013	CHANGES IN PERIMETER	FAIR VALUE RESERVE AND OTHER RESERVES	NET PROFIT AND LOSS FOR THE YEAR	31-12-2013
Deferred tax assets					
Taxable provisions	88	-	-	-	88
Unused taxes losses	17,432	-	-	1,182	18,614
Others	3,264	336	-	46	3,646
	20,784	-	-	1,228	22,347
Deferred tax liabilities					
Revaluation of fixed assets	-8,272	-257	-	357	-8,172
Depreciations	-13,554	-	-	-1,068	-14,622
Others	-1,118	-	-	59	-1,059
	-22,945	-	-	-652	-23,854
Net deferred tax	**-2,161**	**-**	**-**	**576**	**-1,507**

	01-01-2012	CHANGES IN PERIMETER	FAIR VALUE RESERVE AND OTHER RESERVES	NET PROFIT AND LOSS FOR THE YEAR	31-12-2012
Deferred tax assets					
Taxable provisions	53	-	-	35	88
Unused taxes losses	16,425	-	-	1,007	17,432
Others	3,048	-	-	216	3,264
	19,526	-	-	1,258	20,784
Deferred tax liabilities					
Revaluation of fixed assets	-8,152	-	-	-120	-8,272
Depreciations	-12,461	-	-	-1,093	-13,554
Others	-514	-	-	-604	-1,118
	-21,128	-	-	-1,817	-22,945
Net deferred tax	**-1,602**	**-**	**-**	**-559**	**-2,161**

Regarding deferred tax assets with respect of tax losses, the increase in 2013 was due to tax losses in Inapa Spain, Inapa Belgium and Inapa Suisse. Changes in the perimeter refer to the acquisitions of the subsidiaries Trađembal and Korda, which had deferred tax previous to entering Inapa Group.

The main event that occurred in 2013 and 2012 with deferred tax liabilities, is related to depreciation, totalling 1,068 thousand euros and 1,093 thousand Euros, respectively, and is justified by the effects of amortization of goodwill in Inapa Belgium and Papier Union, accepted for tax purposes in its countries.

Deferred tax assets for tax losses are recognized to the extent that it is probable that there will be a fiscal benefit, through the existence of future taxable income. The Group recognized deferred tax assets in the amount of 18,614 thousand Euros, regarding the tax losses that can be offset against future taxable profits, as given below:

COMPANY	TAX VALUE	FINAL UTILIZATION DATE
Inapa France	8,253	ilimited
Portuguese Group	117	2017
Inapa Distribuición Ibérica (Spain)	7,371	2021-2031
Inapa Belgium	1,972	ilimited
Inapa Suisse	663	
Others	238	
	18,614	

NOTE 14

Inventories

On December 31, 2013 and 2012, the Inventories consisted of the following:

	2013	2012
Finished and intermediate products	848	859
Merchandise	68,439	65,869
	69,287	**66,728**
Adjustment for realisable value (Note 18)	-1,392	-878
	67,895	**65,850**

No inventories were allocated as a guarantee of fulfilling contractual liabilities.

The cost of sales for the years ended December 31, 2013 and 2012 amounted to 733,313 and 769,858 thousand Euros, respectively, and was calculated as follows:

	2013	2012
Initial inventories	66,728	72,087
Changes in perimeter	3,628	1,199
Purchasing and inventory adjustments	731,969	763,483
Final inventories	69,287	66,728
	733,038	770,041
Impairment losses	341	285
Reversals of impairment losses	-65	-468
	733,313	**769,858**

NOTE 15

Trade receivables

On December 31, 2013 and 2012, trade receivables consisted of the following:

	2013	2012
Trade receivables		
Trade receivables - current account	123,611	133,039
Trade receivables - bills of exchange	13,445	10,692
Doubtful trade receivables	26,980	20,487
	164,036	**164,218**
Accumulated impairment losses (Note 18)	-22,123	-17,890
Trade receivables - net balance	**141,913**	**146,328**

During the years 2013 and 2012, the Group recognized impairment losses of 4,190 thousand Euros and 8,995 thousand Euros, respectively, which was recorded under Other costs (Note 28).

NOTE 16

Tax to be recovered and Other assets

On December 31, 2013 and 2012, Tax to be recovered consisted as follows:

	2013	2012
Income tax	3,084	2,346
VAT	4,232	4,529
Other taxes	1,128	3,084
	8,444	**9,959**

On December 31, 2013 and 2012, the balances for Other non-current assets and Other current assets breakdown as follows:

	2013	2012
Other non-current assets		
Other debtors	25,452	29,136
Accumulated impairment losses	-1,220	-1,236
	24,232	**27,900**
Other current assets		
Stockholdings and stockholders	-	-
Advances to suppliers	442	911
Other debtors	12,762	16,014
Accumulated impairment losses	-3,019	-3,019
	9,743	**12,995**
Accrued income	19,564	21,015
Deferred costs	1,362	1,943
	31,110	**36,864**

On December 2013 and 2012, the Other non-current debtors balance included an Inapa – IPG credit of 16.7 million Euros over Fimopriv H, SA, arising from the latter having acquired shares held by Inapa – IPG. Inapa – IPG acknowledges that, in the future, will use this credit to acquire the share Fimopriv H, SA has in Papier Union, GmbH.

Additionally, on December 31, 2013, this balance included a receivable amount from PMF - Print Media Factoring GmbH of 3,427 thousand Euros on a 5 years loan period and a balance receivable in the amount of 1,368 thousand euros due to the 2013's sale of 60% stake on PMF (724 thousand Euros) and the existing option for the remaining 40% (644 thousand Euros) (Note 11).

On December 31, 2013 and 2012, Accrued income corresponds, fundamentally, of the amounts to be received relative to revenue obtained by the Group from negotiations over purchases and bonuses on purchases from suppliers.

NOTE 17

Cash and cash equivalents

The breakdown of Cash and cash equivalents on December 31, 2013 and 2012, was as follows:

	2013	2012
Immediatly available bank deposits	24,549	20,522
Cash	285	86
Cash and cash equivalents in balance sheet	**24,834**	**20,608**
Bank overdrafts	-131,996	-82,653
Cash and cash equivalents on the cash flow statement	**-107,162**	**-62,045**

Bank overdrafts include the credit balances in current accounts with financial institutions, booked on the balance sheet under Loans (Note 23).

NOTE 18

Impairments

During the years 2013 and 2012, movements in the recognized asset impairments were as follows:

	GOODWILL (NOTE 9)	OTHER INTANGIBLE ASSETS (NOTE 11)	INVENTORIES (NOTE 14)	TRADE RECEIVABLES (NOTE 15)	OTHER CURRENT ASSETS (NOTE 16)	TOTAL
Balance as at January 1, 2012	**11,766**	**27,464**	**1,059**	**11,259**	**4,240**	**55,788**
Increases	-	-	285	8,995	30	9,310
Utilization	-	-	-	-637	-15	-652
Reversals	-	-	-468	-1,669	-	-2,137
Changes in the consolidation perimeter	-	-	-	-62	-	-62
Exchange rate differences	-	-	2	4	-	6
Balance as at December 31, 2012	**11,766**	**27,464**	**878**	**17,890**	**4,255**	**62,253**
Increases	-	-	341	4,190	-	4,531
Utilization	-	-	200	-1,650	-16	-1,466
Reversals	-	-	-64	-906	-	-970
Changes in the consolidation perimeter	-	-	38	2,612	-	2,650
Exchange rate differences	-	-	-1	-13	-	-14
Balance as at December 31, 2013	**11,766**	**27,464**	**1,392**	**22,123**	**4,239**	**66,984**

The effect of increases and reversals of impairment losses of inventories are recorded in cost of sales (Note 14).

NOTE 19

Share capital and own shares

Share capital

At 31 December 2013 and 2012 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 without voting rights, certificated and bearer with no par value. The Equity is 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, preferred 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, preferred 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.

On December 31, 2013, besides Parpública - Participações Públicas, SGPS, SA, that holds 49,084,738 shares, corresponding on December 31, to 32.72% of the equity and voting rights, Banco Comercial Português, SA, holding 27,361,310 shares corresponding to 18.24% of the equity and voting rights (*), Nova Expressão SGPS, SA, holding 9,035,000 shares corresponding to 6.02% of the equity and voting rights, and Tiago Moreira Salgado, holding 4,500,000 shares corresponding to 3% of the equity and voting rights, no other individual or company was identified as holding 2% or more of voting rights.

(*) the nominal shares held by Banco Comercial Português, SA is attributed as follows:
- Banco Comercial Português, SA .... 10,869,412 shares corresponding to 7.25% of the rigths to vote;
- Fundo de Pensões do Grupo BCP ...... 16,491,898 shares corresponding to 10.99% of the rigths to vote;

The Shareholders with holdings of 2% or more December 31, 2013 and 2012, are summarised as follows (ordinary shares with voting right):

	2013		2012	
SHAREHOLDER	SHARES	%	SHARES	%
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	49,084,738	32.72%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	16,491,898	10.99%
Banco Comercial Português	10,869,412	7.25%	10,869,412	7.25%
Nova Expressão SGPS, SA	9,035,000	6.02%	7,500,000	5.00%
Tiago Moreira Salgado	4,500,000	3.00%	3,750,000	2.50%

Own shares

The Group did not hold any of its own shares on December 31, 2013 and 2012.

NOTE 20

Share issuance premium, Reserves and Retained earnings

On December 31, 2013 and 2012, the breakdown of Share issuance premium, Reserves and Retained earnings was as follows:

	2013	2012 RESTATED
Share issuance premium	**450**	**450**
Foreign exchange adjustments	4,612	5,122
Revaluation reserve	31,495	31,495
Legal reserve	7,500	7,500
Other reserves	225	225
	43,832	**44,342**
Retained earnings	**-57,085**	**-50,720**

The Share issuance premium correspond to the difference between the nominal value of Inapa – IPG shares held and their issue value and cannot be distributed as dividends, but may be included in the Share capital or it may be used for covering losses.

The Foreign exchange adjustments account includes the difference in foreign exchange conversion for all the Group's assets and liabilities, expressed in foreign currency for Euros using the exchange rates at the date of the balance sheet.

The Revaluation reserves correspond to the value of the assets revalued on the date of transition to IAS/IFRS.

Business legislation requires that at least 5% of the net annual income is held in a legal reserve account until it represents at least 20% of the share capital. This reserve may not be distributed unless the company is liquidated, but may be used to cover losses, after other reserves are exhausted, or incorporated in the share capital.

In accordance with a decision taken on May 11, 2013 by the Inapa – IPG shareholder meeting, the net profit in the individual financial statements for the year 2012 in the amount of -6,035,052 Euros were transferred to Retained earnings.

NOTE 21

Earnings per share

The basic earnings per share is calculated from the net profit and loss for the year distributable to Inapa-IPG shareholders and the weighted average number of ordinary shares in circulation. As there were no diluting operations for Inapa – IPG shares, the diluted earnings per share is equal to the basic earnings per share, as follows:

	2013	2012 RESTATED
Net profit and loss for the period - in Euros	1,273,356	-5,949,052
Weighted average number of ordinary shares	450,980,441	450,980,441
Basic earning per share - in Euros	0.003	-0.013
Diluted earning per share - in Euros	0.003	-0.013

According with paragraphs 12 and 14 of IAS 33, the net profit or loss for the period shall be adjusted for the after-tax amounts of preference dividends, even when the company has a negative income for the period (paragraph 69 of the above mentioned IAS).

	2013	2012 RESTATED
Net income for the year - in Euros	1,273,356	-5,949,052
Preference dividends - in Euros	-541,765	-
	731,591	**-5,949,052**
Prefered shares stake on income after preference dividends	-488,258	3,970,356
Net income for the year for basic shares	243,334	-1,978,706
Ordinary shares	150,000,000	150,000,000
Basic earnings per share - in Euros	0.002	-0.013
Diluted earnings per share - in Euros	0.002	-0.013

NOTE 22

Non-controlling interests

On December 31, 2013 and 2012, the value of the Non-controlling interests included under shareholders equity, refers to the following subsidiary companies:

	2013	2012
Papier Union	968	968
Inapa Deutschland	-	3,036
Others	243	64
	1,211	**4,068**

NOTE 23

Loans and other financial instruments

On December 31, 2013 and 2012, the breakdown of loans was as follows:

		2013	2012 RESTATED
Current debt			
Bank loans			
Bank loans and other current financial instruments	a)	131,996	82,653
Commercial paper, redeemable at its nominal value, renewable, with maturity within one year	b)	41,537	50,211
Medium and long-term financial instruments (portion maturity within 1 year)	c)	27,167	44,316
Other current financial loans	d)	5,742	43,878
Financial leases	e)	1,156	1,116
		207,599	**222,174**
Financing associated to financial assets - securitisation (Note 38)		**-**	**-**
Total current debt		**207,599**	**222,174**
Non-current debt			
Bank loans			
Medium and long-term financial instruments	c)	74,439	84,115
Other loans	d)	30,250	-
Financial leases	e)	6,448	7,582
		111,436	**91,697**
Financing associated to finantial assets - securitisation (Note 38)		**47,002**	**52,872**
Total non-current debt		**158,438**	**144,569**
		366,037	**366,743**

a) The bank overdrafts are renewable annually and bear interest at the Euribor 1, 3 or 6-month rate, plus an average spread of 4.56 percentage points.

b) The commercial paper debt is as follows:

i) A Commercial Paper Programme issued by Inapa – IPG in 2005 with a 2010's addition with a subscription guarantee, in the amount of 22,500,000 Euros, to be repaid in 2015. The maximum nominal interest rate is the Euribor rate of the issuance period plus 1.5 percentage points. Interests are due on the dates of issue.

ii) A Commercial Paper Programme issued together by Inapa – IPG and Inapa Portugal in 2009 with a subscription guarantee, in the amount of 20,000,000 Euros, to be repaid in 5 instalments, the first was due in October 2009 and the last in 2014. The maximum nominal interest rate is the Euribor rate for the issue period plus 5.25 percentage points. In December 2013, the value of this programme reached 9,800,000 Euros. Interest is paid in each issuance date.

iii) A Commercial Paper Programme issued by Inapa – IPG and Inapa Portugal in 2012 with a subscription guarantee, in the amount of 4,250,000 Euros, to be repaid in 24 monthly instalments, the first is due in January 2013 and the last in December 2014 . The nominal interest rate is the Euribor rate for the issue period plus 5.0 percentage points. Interest is paid in each issuance date. In December 2013, the value of this programme reached 2,650,000 Euros.

iv) A Commercial Paper Programme issued by Inapa-IPG in 2012 with a subscription guarantee, in the amount of 5,000,000 Euros, to be repaid in 2017. The nominal interest rate is the Euribor rate for the issue period plus 5.5 percentage points. Interest is paid in each issuance date.

v) A Commercial Paper Programme issued by Inapa-IPG in 2012 with a subscription guarantee, in the amount of 2,000,000 Euros, to be repaid in 2014. The nominal interest rate is the Euribor rate for the issue period plus 6.0 percentage points. Interest is paid in each issuance date.

vi) Financial expenses in the amount of 413 thousand euros incurred in the hiring of commercial paper programs listed above.

c) The medium and long-term financial instruments, including the portion maturity within 1 year are, essentially, as follows:

a. Bank loans amounting to 58,100 thousand euros and 8,300 thousand euros. Interest rate is the 6-month Euribor plus 1.75 percentage points. Interests are charged twice a year, in April and October. Loans will be repaid in 10 annual instalments, being the first between 2009 and 2018 and the second between 2013 and 2022.

b. Bank loan as commercial paper amounting to 10,800 thousand Euros. Interest is at the 12-month Euribor rate plus 1.25 percentage points. Interests are paid every 3 months. The loan will be paid in 10 annually instalments, being the first in 2010 and the last one in 2019.

c. Bank loan amounting to 2,667 thousand Euros. Interest is at the 3-month Euribor rate plus 1.15 percentage points. Interests are paid in a three month basis. The loan will be repaid in 8 annual instalments, being the first in September 2010 and the last in 2018.

d. Bank loan amounting to 11,462 thousand Euros. Interest is at the 3-month Euribor rate plus 6.0 percentage points. Interests are charged every three months. The loan will be repaid in 7 biannual instalments, being the first in September 2012 and the last in December 2015.

e. Bank loan amounting to 1,321 thousand Euros. Bears interest at a fixed rate of 4.8 percentage points. Interest is debit every month. The loan is reimbursed in 60 monthly instalments, being the first in March 2012 and the last in February 2017.

f. Bank loan amounting to 522 thousand Euros. Bears interest at a fixed rate of 2.8 percentage points. Interests are due monthly. The loan capital will be reimbursed in 72 monthly instalments, being the first in May 2013 and the last in May 2019.

g. Bank loan in the amount of 1,300 thousand Euros. Interest is at 1-month Euribor rate plus 5.5 percentage points. Interests are due every month. The loan capital will be reimbursed in 8 quarterly instalments, being the first in July 2012 and the last in October 2014.

h. Bank loan in the amount of 3,750 thousand Euros. Interest is at 6-month Euribor rate plus 6.5 percentage points. Interests are due every three months and the loan capital is reimbursed in 8 quarterly instalments, being the first in October 2013 and the last in July 2015.

i. Bank loan in the amount of 2,000 thousand Euros. Interest is at 6-month Euribor rate plus 5.5 percentage points. Interests are due every three months and the loan capital is reimbursed in 14 quarterly instalments, being the first in April 2014 and the last in July 2017.

j. Bank loan in the amount of 1,000 thousand Euros. Interest is at 6-month Euribor rate plus 5.0 percentage points. Interests are due every month. The loan capital will be reimbursed in 84 monthly instalments, being the first in January 2015 and the last in December 2021.

d) Bank loan related with factoring operations in the amount of 35,992 thousand Euros. Interest is at 3-month Euribor rate plus an average of 1.3 percentage points. The capital is guaranteed by trade receivables invoices and the interests are due every month. The loans will be total renewed in 2014 and 2016.

On December 31, 2013 and 2012, the debit related to finance leases included in Other liabilities was as follows:

	2013	2012
Debt related to finance leases		
Suppliers of non-current fixed assets - finance lease	6,447	7,582
Suppliers of current fixed assets - finance lease	1,156	1,116
	7,603	**8,698**
Debt related to finance leases		
Rents - not discounted		
at less than a year	1,250	1,216
between 1 year and 5 years	5,741	5,742
at more than 5 years	951	2,176
Finance costs to be supported	-338	-436
	7,603	**8,698**

On December 31, 2013 and 2012, the non-current and current loans obtained and the liabilities under finance lease contracts had the following repayment terms and periods:

	2013					
	CURRENCY	INTEREST RATE	LESS THAN 1 YEAR	1 TO 5 YEARS	GREATER THAN 5 YEARS	TOTAL
Bank Loans	EUR	5.1%	127,042	-	-	127,042
Bank Loans	CHF	1.6%	1,059	-	-	1,059
Bank Loans	TRY	10.1%	3,895	-	-	3,895
Commercial Paper	EUR	6.9%	41,537	-	-	41,537
Other loans	EUR	3.0%	27,167	71,816	2,923	101,906
Financing associated to financial assets	EUR	1.9%	-	47,002	-	47,002
Factoring	EUR	2.3%	5,742	30,250	-	35,992
Finance lease obligations	EUR	1.2%	1,156	4,919	1,529	7,603
			207,599	**153,986**	**4,452**	**366,037**

	2012					
	CURRENCY	INTEREST RATE	LESS THAN 1 YEAR	1 TO 5 YEARS	GREATER THAN 5 YEARS	TOTAL
Bank Loans	EUR	3.9%	82,653	-	-	82,653
Commercial Paper	EUR	7.0%	50,211	-	-	50,211
Other loans	EUR	4.2%	44,316	60,132	23,983	128,431
Financing associated to financial assets	EUR	2.1%	-	52,872	-	52,872
Factoring	EUR	2.6%	43,878	-	-	43,878
Finance lease obligations	EUR	1.5%	1,116	5,468	2,114	8,698
			222,173	**118,472**	**26,097**	**366,743**

On December 31, 2013, the group had about 75,320 thousand Euros available in unused lines of credit (December 31, 2012: 72,000 thousand Euros).

On December 31, 2013 and 2012, the net sum of the consolidated financial debt was as follows:

	2013	2012
Loans		
Current	206,443	221,058
Non-current	104,989	84,115
	311,432	**305,173**
Financing associated to financial assets	47,002	52,872
Finance lease obligations	7,603	8,698
	366,037	**366,743**
Cash and cash equivalents	24,835	20,608
Bonds (listed shares)	-	-
Available-for-sale financial investments (listed shares)	-	-
	24,835	**20,608**
	341,202	**346,135**

Several Loan contracts are subject to financial covenants, which if not complied with the definitions can obliged to its anticipated reimbursement.

The covenants in force and the ratios are as follows:

LOANS	2013 THOUSAND EUROS	RATIO DESCRIPTION	RATIO
Bank loan	18,303	Ajusted gearing ratio = (Shareholders equity + Reserves - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill)	14.0%
Bank loan	24,931	Adjusted gearing ratio = Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill)	14.7%
Bank loan	17,657	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill - Loans conceded to shareholders)	14.7%
Securitisation	30,099	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill - Loans conceded to shareholders)	24.5%

The information used for this calculation corresponds to each company's financial statement.

Given the contracted amounts, the Group complied with the limits that the contracts require.

NOTE 24

Provisions

During the years 2013 and 2012, the following movements took place under Provisions:

Balance as at January 1, 2012	**391**
Increases	239
Utilization	-344
Transfers	-
Changes in the consolidation perimeter	-
Exchange rate differences	-
	286
Balance as at December 31, 2012	
Increases	382
Utilization	-391
Transfers	-
Changes in the consolidation perimeter	30
Exchange rate differences	-
Balance as at December 31, 2013	**307**

The balance under this caption corresponds to the provisions for the risks inherent in litigation of ongoing legal actions.

Regarding the proceedings brought against the company by Papelaria Fernandes – Indústria e Comércio, SA, see Note 34 – Contingencies.

NOTE 25

Employee benefits

As explained in Note 2.21, the Group has implemented defined benefit pension plans for some of its employees. In addition, other types of post-employment benefits exist, as described below.

	2013	2012 RESTATED
Balances on the balance sheet for:		
Employee benefits:		
Contribution to pension plan - defined benefits	1,574	1,776
Other post-employment benefits - defined benefits	3,020	2,931
Others	-	100
	4,594	**4,807**
Expenditure in the Income Statement:		
Contribution to pension plan - defined benefits	83	125
Other post-employment benefits - defined benefits	151	581
Contribution to pension plan - defined contribution	431	420
	665	**1,126**

The amounts recognized in Retained earnings, were as follows:

	2013	2012
Retirement pension complements - Defined benefits	101	-251
Others	270	15
	371	**-236**

The impact of the financial statements restatement can be seen in detail in Note 3.

The total amount of liabilities for past services and their funding for the defined benefit plans granted to employees are as follows:

31/DEZ	2013	2012	2011	2010	2009
Past service liabilities	-4,749	-4,720	-4,312	-4,272	-3,952
Fund	435	13	208	-	47
Surplus or deficit of the plan	-4,314	-4,707	-4,104	-4,272	-3,905
Experience adjustments plan liabilities	222	9	138	-361	-314
Experience adjustments on plan assets	11	-2	3	-8	-10

a) Defined benefits pension plan

Companies located in Portugal

On December 31, 2013 and 2012, there were no pension plans for members or employees of the Group's Portuguese companies.

Inapa France, SA

Defined benefit pension plans exist for five employees of Inapa France, which are managed by an external entity. The liability is financed in part by the fair value of the assets managed by an external entity (insurance company) and contributions to the fund are made annually.

Actuarial valuation conducted by an independent organization reported the following actuarial assumptions for December 31, 2013 and 2012:

	2013	2012
Future salary increases rate	1.5%	1.5%
Discount rate	3.0%	2.90%
Mortality table	TGF/TGH 2005	TGF/TGH 2005

On December 31, 2013 and 2012, the current value of the liabilities for defined pension plans and the corresponding accounting provision, were as follows:

	2013	2012 RESTATED
Balance sheet amounts		
Past services cost obligations	1,035	749
Fair value of the fund	435	13
Present value of the uncovered obligation	**600**	**736**

The movements occurred in the past service liability related to pension supplements and respective fund was made up as follows:

	2013	2012
Defined benefit obligation		
Beginning of year	749	858
Current service cost	23	43
Interest cost	20	31
Actuarial losses / (gains)	-60	183
Reductions	337	0
Benefits paid	-34	-366
End of year	**1,035**	**749**

Actuarial loss / (gains) heading includes a gain of 3.2 thousand Euros due to the change in the discount rate used for the present value liabilities calculation and a loss of 27.8 thousand Euros due to the change in the assumptions used for calculations.

The movements recorded in the fund plan were as follows:

	2013	2012
Fund's fair value		
Beginning of year	13	208
Contributions to the Plan	82	164
Expected return on Plan assets	-	10
Actuarial (losses)/gains (dif. Between expected and real return on assets)	11	-3
Regularizations	363	-
Benefits paid	-34	-366
End of year	**435**	**13**

The values recognized during the year in Income statement are as follows:

	2013	2012
Costs recognized in the year		
Current service costs	23	43
Interest costs	20	31
Actual return on plan assets	-	-10
Others	-	10
Total costs included in Personnel costs	**43**	**74**

The amounts recognized in Retained earnings are as follows:

	2013	2012
Actuarial Gains and Losses		
Fund	60	-183
Past services cost obligations	11	-3
Total	**71**	**-186**

Papier Union, GmbH

Papier Union, GmbH, allocated a supplementary pension scheme (locked in 1982) to 22 of its current and former employees, active and retired, calculated on the basis of 0.4% of the salary earned in each year of service with the company up to a maximum of 12%. The liability regarding this pension plan is not covered by any pension plan assets formed for this purpose and consequently it is overall recorded on the Group balance sheet.

The liability, calculated on the basis of an actuarial study valuation conducted by an independent organisation, for the purpose of applying IAS 19, is recognized under the balance sheet caption Liabilities for employee benefits and amounted, on December 31, 2013, 974 thousand Euros (2012: 1,040 thousand Euros).

The actuarial assumptions used by the independent entity, which carried the actuarial studies for December 31, 2013 and 2012 were as follows:

	2013	2012
Future salary increases rate	2.0%	2.0%
Discount rate	3.3%	3.8%
Future pension increases rate	2.0%	2.0%
Mortality table	Heubeck2005 G	Heubeck2005 G

In accordance with the respective actuarial studies, on December 31, 2013 and 2012, the present value of the defined benefit liability for defined pension plans and the corresponding accounting provision, were as follows:

	2013	2012 RESTATED
Balance sheet amounts		
Past service costs	974	1,040

The movements recorded under past service costs liabilities were as follows:

	2013	2012
Obligations		
December 31, 2012	1,040	1,000
Current costs	2	3
Interests costs	38	48
Actuarial Losses/(Gains)	-30	65
Paid for benefits	-76	-76
December 31, 2013	**974**	**1,040**

The amounts recognized in the income statement are as follows:

	2013	2012
Services Cost		
Current services costs	2	3
Interests costs	38	48
Total amount inclued in Personnel costs	**40**	**51**

The movements under past service costs recognized in Retained earnings were as follows:

	2013	2012
Actuarial Gains or Losses	30	-65

b) Other post-employment benefits

In accordance with local legislation, the French subsidiaries are obliged to pay its workers a sum on the date of retirement based on the number of years of employment with the company, the professional category and the salary earned at the time of retirement. The value of these liabilities is recorded on the balance sheet on December 31, 2013 amounted to 2,040 thousand Euros (2012: 2,239 thousand Euros).

The liabilities relating to these pension benefits for services performed were determined based upon the following actuarial assumptions:

	2013	2012
Future salary increase rate	1.5%	1.5%
Discount rate	3.20%	2.90%
Mortality table	INSEE 2009-2011	INSEE 2008-2010

In accordance with the respective actuarial studies valuation, on December 31, 2013 and 2012 the present value for the defined benefit liability plans and the corresponding accounting provision were as follows:

	2013	2012 RESTATED
Balance sheet amounts		
Past service costs liabilities	2,040	2,239

The movements recorded under past service costs liabilities were as follows:

	2013	2012 RESTATED
Defined benefit obligations		
December 31, 2012	2,239	2,110
Current services	104	103
Interest costs	62	95
Actuarial losses / (gains)	-131	176
Benefits paid	-234	-245
Others	-	-
Perimeter change	-	-
December 31, 2013	**2,040**	**2,239**

The amount in the caption Actuarial losses and gains include a gain of 57.2 thousand Euros due to the change in the discount rate used for the present value liability.

The values recognized on the Income statement, are as follows:

	2013	2012 RESTATED
Cost for the year		
Current service costs	104	103
Interest costs	62	95
Amortization of actuarial losses/ (gains) deferred	-131	176
Total included on Personnel costs	**35**	**374**

Similarly, in relation with the benefit provided in French law, the liability registered in the balance sheet of subsidiary Logistipack-Carton Service at December 31, 2013 was of 148 thousand Euros (2012: 129 thousand Euros).

The liabilities related with these retirement benefits for services rendered were determined on the following assumptions:

	2013	2012
Future salary increase rate	2.5%	1.5%
Discount rate	3.20%	2.90%
Mortality table	INSEE 2009-2011	INSEE 2008-2010

In accordance with the respective actuarial studies, on December 31, 2013 and 2012, the present value of the defined benefit liability for defined pension plans and the corresponding accounting provision, were as follows:

	2013	2012
Balance sheet amounts		
Past services liabilities	148	129

The movements recorded under past service costs liabilities related with benefits attributed were as follows:

	2013	2012
Liabilities		
December 31, 2012	129	79
Current costs	9	6
Interests costs	4	4
Actuarial Losses/(Gains)	6	40
Paid for benefits	-	-
Others	-	-
December 31, 2013	**148**	**129**

The Actuarial losses and gains includes a gain of 6.2 thousand Euros due to the change of the discount rate used for calculating the future liabilities.

The values recognized on the Income statement, are as follows:

	2013	2012
Cost for the year		
Current service costs	9	6
Interest costs	4	4
Others	-	-
Actuarial losses/ (gains)	6	40
Total included on Personnel costs	**19**	**50**

Still relating to the same benefit provided in French legislation, the subsidiary Semaq as at December 31, 2013 recorded a responsibility in the balance sheet of about 106 million euros (2012: 91 thousand euros).

The liability for these retirement benefits for services rendered were determined based on the following actuarial assumptions:

	2013	2012
Future salary increase rate	2.5%	1.5%
Discount rate	3.20%	2.90%
Mortality table	INSEE 2009-2011	INSEE 2008-2010

In accordance with the respective actuarial studies, on December 31, 2013 and 2012, the present value of the defined benefit liability for defined pension plans and the corresponding accounting provision, were as follows:

	2013	2012
Balance sheet amounts		
Past services liabilities	106	91

The movements recorded under past service costs liabilities related with benefits attributed were as follows:

	2013	2012
Liabilities		
Initial balance	91	-
Current costs	11	-
Interests costs	3	-
Actuarial Losses/(Gains)	3	-
Paid for benefits	-2	-
Perimeter variation	-	91
Ending balance	**106**	**91**

The Actuarial losses and gains includes a gain of 5 thousand Euros due to the change of the discount rate used for calculating the future liabilities and a gain of 71.7 thousand euros due to changes of the other assumptions.

The values recognized on the Income statement, are as follows:

	2013	2012
Cost for the year		
Current service costs	11	-
Interest costs	3	-
Actuarial losses/ (gains)	3	-
Total included on Personnel costs	**17**	**-**

In addition, Inapa France provides employees who have more than 20 years of service on the date of retirement with a fixed contribution based on their time of service, as follows:

TIME OF SERVICE	AMOUNT
20 years	0,5 net monthly salary
30 years	2/3 net monthly salary
35 years	1 net monthly salary
40 years	1 net monthly salary

The liabilities on December 31, 2013 reached 439 thousand Euros (2012: 466 thousand Euros) and are fully booked on the balance sheet. These were calculated based on the following assumptions:

	2013	2012
Future salary increase rate	2.5%	1.5%
Discount rate	3.20%	2.90%
Mortality table	INSEE 2009-2011	INSEE 2008-2010

The movements recorded for Past service liabilities were as follows:

	2013	2012
Past service liabilities		
December 31, 2012	466	345
Current services	22	22
Interest costs	13	20
Actuarial losses/ (gains)	-10	5
Other's	-	110
Benefits paid	-52	-36
December 31, 2013	**440**	**466**

The values recognized on the Income statement, are as follows:

	2013	2012
Cost for the year		
Current service costs	22	22
Interest costs	13	20
Actuarial losses/ (gains)	-10	5
Other´s	-	110
Total included on Personnel costs	**25**	**157**

The Logistipack-Carton Services SA also assigns seniority contributions to their employees calculated as follows:

TIME OF SERVICE	AMOUNT
20 years	500 €
30 years	500 €
35 years	500 €
40 years	500 €

The liabilities on December 31, 2013 reached 7 thousand Euros (2012: 6 thousand Euros) and are fully booked on the balance sheet. These were calculated based on the following assumptions:

	2013	2012
Future salary increase rate	2.5%	1.5%
Discount rate	3.20%	2.90%
Mortality table	INSEE 2009-2011	INSEE 2008-2010

The movements recorded for Past service liabilities were as follows:

	2013	2012
Past service obligation		
December 31, 2012	6	17
Current services	1	-
Interest costs	-	-
Others	-	-11
December 31, 2013	**7**	**6**

The values recognized on the Income statement, are as follows:

	2013	2012
Costs for the year		
Current service costs	1	-
Interest costs	-	-
Other's	-	-
Total included in Personnel costs	**1**	**-**

There is also a defined contribution plan at Inapa Switzerland. The value of contributions made in the period 2013 by this subsidiary reached 431 thousand Euros (2012: 420 thousand Euros), and it is recorded under Personnel costs.

According with local legislation, when an employer retires, subsidiary Korda is obliged to make a single payment, of a defined amount, that reflects the years of time service, professional category and wage by the time of the retirement. In Turkey, these payments are calculated over periods of 30 consecutive days (with a limit of 3,034 Turkish Liras per year of employment).

The liabilities arising from this retirement benefits for services rendered were determined on the following assumptions:

	2013
Future salary increase rate	6.0%
Discount rate	10.09%

The liabilities recognized December 31, 2013 by Korda reached 280 thousand Euros and the amount of contributions made during 2013, after the Group Inapa acquired this subsidiary, was 54 of thousand Euros, and are recorded in Personnel costs. During 2013, the movements recorded were as follows:

	2013	2012
Obligations		
December 31, 2012	-	-
Perimeter change	280	-
Current services and interests costs	54	-
Benefits payed	-54	-
December 31, 2013	**280**	**-**

NOTE 26

Tax liabilities, Other noncurrent liabilities, Suppliers and Other current liabilities

On December 31, 2013 and 2012 the heading Tax liabilities breakdown as follows:

	2013	2012
Income tax	301	2,843
VAT	8,382	10,629
Social security contributions	2,067	2,182
Other taxes	1,562	1,572
	12,310	**17,226**

On December 31, 2013 and 2012, Other non-current liabilities, Suppliers and Other current liabilities consists of the following:

	2013	2012
Other non-current liabilities		
Other creditors	6,032	-
	6,032	**-**
Suppliers		
Current account	47,034	48,268
Bills of exchange	180	-
Invoices in progress	3,378	991
	50,592	**49,259**
Other current liabilities		
Advances from trade receivables	1,336	1,766
Other creditors	9,422	9,082
Accruals and deferrals	8,057	8,758
	18,815	**19,606**

On December 31, 2013 and 2012 the heading Accruals and deferrals breakdown as follows:

	2013	2012
Personnal costs to be paid	2,015	2,365
Accrued interest	542	408
Transportation costs	1,493	1,386
Honoraries	235	338
Marketing support	213	349
Other accrued bank charges	116	232
Interest debit to trade receivables	443	458
Social charges	451	557
Others	2,549	2,665
	8,057	**8,758**

NOTE 27

Sales, Service rendered and Other income

Sales and Service rendered for the years ending on December 31, 2013 and 2012, breakdown as follows:

	2013	2012
Sales of merchandise and Other products	888,724	926,733
Service rendered	10,125	9,671
	898,849	**936,404**

In 2013 and 2012, the balances under Other income break down as follows:

	2013	2012
Supplementary income	682	873
Net cash discounts	8,570	9,808
Reversals of impairment of current assets	906	1,669
Other income	12,253	15,240
	22,412	**27,590**

Other income refers to services charged to trade receivables, advertisement, debt recovery, income for rental space, amongst others.

NOTE 28

Personnel costs

In 2013 and 2012, the balances under Personnel costs break down as follows:

	2013	2012 RESTATED
Wages and salaries	58,907	58,219
Social security constributions	13,915	14,417
Pension costs	665	1,081
Other personnel costs	3,416	4,427
	76,904	**78,144**

The Other personnel costs heading include compensation for termination of work contracts on the amount of 1,076 thousands Euros (2012: 1,495 thousand Euros).

During the year the Group employed, on average, 1,354 employees (2012: 1,427), of which 1,208 (2012: 1,281) were in companies headquartered in foreign countries.

NOTE 29

Other costs

In 2013 and 2012, the balances under Other costs breaks down as follows:

	2013	2012
Administratives expenses	78,186	83,850
Indirect taxes	3,832	4,003
Other costs	2,000	1,174
Provisions (Note 24)	382	239
Impairment of current assets (Note 18)	4,190	9,025
	88,591	**98,291**

NOTE 30

Depreciations and amortizations

In 2013 and 2012, the balances under this heading break down as follows:

	2013	2012
Tangible fixed assets (Note 8)	4,004	4,234
Intangible assets (Note 10)	1,654	1,293
	5,658	**5,527**

NOTE 31

Financial function

Financial income and financial costs for 2013 and 2012 are as follows:

	2013	2012
Financial income		
Interest obtained	238	290
Gains from disposal of investment	21	-
Income from capital investments	-	-
Positive FX	445	74
Other profits and financial income	256	321
	961	**685**
Financial costs		
Interest paid	11,577	13,201
Losses on disposal of investments	-	-
Negative FX	469	57
Other costs and financial losses	3,787	4,176
	15,832	**17,434**
Net financial function	**-14,872**	**-16,749**

The caption Other costs and financial losses includes, amongst others, costs associated with costs for issuing commercial paper (2013: 1,229 thousand Euros, 2012: 1,779 thousand Euros), guarantee commissions (2013: 835 thousand Euros, 2012: 852 thousand Euros), stamp duty (2013: 532 thousand Euros, 2012: 471 thousand Euros), and factoring (2013: 627 thousand Euros, 2012: 1,028 thousand Euros). The interest expense includes interest associated with securitization contracts (2013: 1,294 thousand euros, 2012: 1,307 thousand euros).

NOTE 32

Income tax

Income tax for the years ending on December 31, 2013 and 2012 breaks down as follows:

	2013	2012
Current taxes	-1,139	-640
Deferred taxes (Note 13)	576	-559
	-563	**-1,199**

In accordance with the tax law in force in each country, the tax declarations of the companies included in the consolidation are subject to revision and correction on the part of the tax authorities over the course of a period, which in Portugal is four years. In the majority of the countries where the Group operates, the tax losses can be deducted to collect in the following periods: in Portugal for a maximum period of 5 years for losses originated in 2012 and 2013, and in other countries for a greater period, although subject to revision by tax authorities.

The Group Board of Directors understands that possible corrections that may result from inspections or revisions by the tax authorities will not have a significant impact on the financial statements consolidated on December 31, 2013.

The tax on Group profits before tax differs from the theoretical amount that would result from applying the weighted average tax on profits to the consolidated profit, as can be seen below:

	2013	2012
Net income before tax on profits	1,916	-4,656
Nominal average tax on profits	-575	1,397
Income tax - value	-563	-1,199
	12	**-2,596**
Permanent differences - Suisse	26	-27
Permanent differences - Portugal	772	-1,533
Permanent differences - France	-178	-164
Permanent differences - Germany	-375	-304
Permanent differences - Turkey	-97	-
Permanent differences - other countries	-58	-
Tributtable dividends	-370	-618
Others	292	50
	12	**-2,596**

In 2013 the nominal weighted average rate of tax on profits is 30% (2012: 30%).

The average nominal rate of tax resulting from the average of nominal rates of various countries in which the Group operates.

NOTE 33

Commitments

a) Operacional lease

The Group leases various offices, warehouses and transportation equipment through operating leases. The contracts have different maturity terms, readjustment clauses and renewal rights.

On 31 December 2013 and 2012, the values for maturing rents, in accordance with their due dates, were as follows:

	2013	2012
Less than 1 year	8,074	7,244
Between 1 year and 5 years	16,796	13,956
More than 5 years	2,971	4,435
	27,840	**25,635**

In 2013 and 2012 the sums of 8.576 thousand Euros and 8,933 thousand Euros, respectively, were recorded as the operational lease costs for each year.

b) Guarantees

On December 31, 2013 and 2012, the liabilities assumed by the Group in guarantees to third parties, were as follows:

	2013	2012
Bank guarantees		
In favour of financial institutions	73,121	100,713
In favour of third parties and of an operational nature	1,050	-
Real guarantees		
On tangible fixed assets	14,467	15,333
	88,638	**116,046**

On December 31, 2013, the financial liabilities regarding the guarantees made by the Company to various financial institutions totalized 73.1 million Euros (2012: 100.7 million Euros), of which about (i) 7.5 million Euros (2012: 6.5 million Euros) in Inapa France because of contracted loans, (ii) 41.9 million Euros (2012: 50.5 million Euros) to issue commercial paper in Inapa – IPG e Inapa Portugal, (iii) 6.7 million euros in Inapa – Portugal for financing purposes (2012: 2.3 million euros), (iv) 14 million Euros in Inapa Espanha related with the financing of factoring (2012: 14 million euros) and (v) 2.8 million euros for Inapa Suisse's financing purposes.

A foreigner Group Inapa subsidiary had given several real guarantees, over tangible fixed assets, in the amount of 14.4 million Euros, related to medium and long term loans.

NOTE 34

Contingencies

Contingent liabilities

On August 1, 2007, Papelaria Fernandes - Indústria e Comércio, SA brought proceedings against Inapa Investimentos, Participações e Gestão, S.A. and its subsidiaries Inaprest - Prestação de Serviços, Participações e Gestão, SA (now liquidated) and Inapa Portugal - Distribuição de Papel, SA requesting, in summary:

• the anullment of the following acts:

- The constitution, in June 2006, of a collateral security as a counter-guarantee for the letters of comfort issued by Inapa - Investimentos, Participações e Gestão, SA as a guarantee for the financial instruments held by that company with Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;

- The restructuring performed, in 1991, to concentrate the paper supply activity in SDP (now Inapa Portugal) and the production and marketing of envelopes in Papelaria Fernandes;

- The acquisition, in 1994, of the stake held by Papelaria Fernandes in SDP (now Inapa Portugal);

- The compensation for credits arising, in 1994, between Papelaria Fernandes and Inaprest;

• demanding that Inapa:

- Maintain the comfort letters issued in favour of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;

- Compensate Papelaria Fernandes should the collateral security be executed as counter-guarantee for the letters of comfort.

Papelaria Fernandes - Industrio e Comércio, SA subsequently came to put its liabilities to Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo in order, such that:

- The letters of comfort issued by Inapa - IPG ceased to have purpose, being returned by their beneficiaries;

- Consequently, this company communicated to Papelaria Fernandes - Indústria e Comércio, SA, that the collateral security was terminated.

The action, which had an estimated value of 24.46 million Euros, was contested by Inapa – IPG and by its subsidiary Inapa Portugal – Distribuição de Papel, SA and, presently, awaits the ruling of the Court in favour of liquidating Inaprest – Prestação de Serviços, Participações e Gestão, SA. The Group believes that this action will not have financial impacts, and, therefore, no provision was made.

NOTE 35

Related parties transactions

The balances on December 31, 2013 and 2012 with entities related to the Group are as follows:

2013	TRADE RECEIVABLES	BANK DEPOSITS	OTHER CURRENT ASSETS AND NON-CURRENT ASSETS	BANK LOANS	FIXED ASSETS SUPPLIER	SUPPLIERS	OTHER CURRENT LIABILITIES
PMF	-	-	3,427	-	-	-	-
Surpapel SL	52	-	-	-	-	-	1
Medialivros	-	-	88	-	-	-	-
BCP	63	82	58	102,520	5,342	-	-
	115	82	3,573	102,520	5,342	-	1

2012	TRADE RECEIVABLES	BANK DEPOSITS	OTHER CURRENT ASSETS AND NON-CURRENT ASSETS	BANK LOANS	FIXED ASSETS SUPPLIER	SUPPLIERS	OTHER CURRENT LIABILITIES
PMF	-	-	5,242	-	-	-	-
Surpapel SL	28	-	-	-	-	-	1
Medialivros	-	-	88	-	-	-	-
BCP	12	162	76	76,036	4,819	-	-
	40	**162**	**5,406**	**76,036**	**4,819**	**-**	**1**

The transactions during the years 2013 and 2012 with entities related to the Group are as follows:

2013	SALES AND SERVICE RENDERED	OTHER INCOME	OTHER COSTS	FINANCIAL COSTS
PMF	-	195	-	-
Surpapel SL	123	-	5	-
Megapapier	-	-	-	-
BCP	309	-	-	3,005
	432	195	5	3,005

2012	SALES AND SERVICE RENDERED	OTHER INCOME	OTHER COSTS	FINANCIAL COSTS
PMF	-	360	-	-
Surpapel SL	101	-	5	-
Megapapier	-	-	-	-
BCP	336	-	-	3,799
	437	**360**	**5**	**3,799**

The related parties considered relevant for the purposes of the financial statements were the subsidiaries mention on Note 36, the associated companies given in Note 11, the shareholders given in Note 19 and the Governing Bodies.

Governing Bodies's Remuneration

The remuneration paid by Inapa – IPG to the members of the management bodies in 2013 and 2012, breaks down as follows (Euros):

	2013	2012
Board of Directors		
Wages	1,126.86	1,139.74
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Payments in shares	-	-
	1,126.86	1,139.74
Audit Commitee*		
Remuneration	107.25	103.50
General Meeting Board		
Remuneration	10.00	7.00

* The remuneration paid to the members of the Audit Committee is included in the remuneration of the Board of Directors.

NOTE 36

Companies included in consolidation

The subsidiaries included in the consolidation by the integral consolidation method, on December 31, 2013, were as follows:

DESIGNATION	REGISTERED OFFICE	GROUP % STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Inapa-Portugal, SA	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra Portugal	99.75	Paper Supply	Inapa – IPG, SA	1988
Inapa España Distribuición de Papel, SA	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid Spain	100.00	Paper Supply	Inapa – IPG, SA	Decembro 1998
Inapa France, SA	91813 Corbeil Essones Cedex France	100.00	Paper Supply	Inapa – IPG, SA	May 1998
Logistipack – Carton Services,SA	14, Impasse aux Moines 91410 Dourdon France	100.00	Packaging	Europacking SGPS, Lda	January 2008
Inapa Belgique	Vaucampslan, 30 1654 Huizingen Belgium	99.94	Paper Supply	Inapa – IPG, SA	May 1998
Inapa Luxemburg	211, Rue des Romains. L. 8005 Bertrange Luxembourg	97.81	Paper Supply	Inapa Belgique	May 1998
Inapa Deutschland, GmbH	Warburgstraß, 28 20354 Hamburgo Germany	100.00	Holding	Inapa – IPG, SA	April 2000

DESIGNATION	REGISTERED OFFICE	GROUP % STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Papier Union, GmbH	Warburgstraß, 28 20354 Hamburgo Germany	94.90	Paper Supply	Inapa Deutschland, GmbH	April 2000
Inapa Packaging, GmbH	Warburgstraß, 28 20354 Hamburgo Germany	100.00	Holding	Papier Union, GmbH	2006
HTL Verpackung, GmbH	Werner-von-Siemens Str 4-6 21629 Neu Wulmstrof Germany	100.00	Packaging	Inapa Packaging, GmbH	January 2006
Hennessen & Potthoff, GmbH	Tempelsweg 22 Tonisvorst Germany	100.00	Packaging	Inapa Packaging, GmbH	January 2006
Inapa Viscom, GmbH	Warburgstraß, 28 20354 Hamburgo Germany	100.00	Holding	Papier Union, GmbH	January 2008
Complott Papier Union, GmbH	Industriestrasse 40822 Mettmann Germany	100.00	Visual Communication	Inapa VisCom, GmbH	January 2008
Inapa – Merchants, Holding, Ltd	Torrington House, 811 High Road Finchley N12 8JW UK	100.00	Holding	Inapa – IPG, SA	1995
Inapa Suisse	Althardstrasse 301 8105 Regensdorf Switzerland	100.00	Paper Supply	Inapa-IPG,SA e Papier Union, GmbH	May 1998
Inapa Angola Distribuição de Papel,SA	Rua Amílcar Cabral nº 211 Edifício Amílcar Cabral 8º Luanda Angola	100.00	Paper Supply	Inapa Portugal,SA	December 2009
Edições Inapa, Lda	Rua Castilho, 44-3º 1250-071 Lisboa Portugal	100.00	Editing	Inapa-IPG,SA	November 2009
Europackaging SGPS, Lda	Rua Castilho, 44-3º 1250-071 Lisboa Portugal	100.00	Holding	Inapa – IPG, SA	October 2012
Semaq Emballages, SA	Rue de Strasbourg – ZI de Bordeaux Fret France	100.00	Packaging	Logistipack – Carton Services,SA	February 2012
Inapa Embalagem, Lda.	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra Portugal	100.00	Packaging	Europackaging SGPS, Lda.	March 2012
Inapa Shared Center, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra Portugal	100.00	Shared Services	Inapa – IPG, SA e Inapa Portugal, SA	July 2012
Da Hora Artigos de Embalagem, Lda.	Urbanização das Minhoteiras, lote 3 - Crestins 4470-592 Moreira Maia Portugal	100.00	Packaging	Inapa Embalagem, Lda.	November 2012

DESIGNATION	REGISTERED OFFICE	GROUP % STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Crediforma – Papelaria e Equipamento Técnico, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra Portugal	100.00	Visual Communication	Inapa Portugal SA	January 2013
Tradembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, S.A.	Rua da Industria, 9 Porto Salvo 2740 Oeiras Portugal	75.00	Packaging	Inapa Embalagem, Lda.	September 2013
KORDA Kağıt Pazarlama ve Ticaret Anonim Şirketi	Kasap Sokak. Konak Azer 34394 Istambul Turkey	100.00	Paper Supply	Inapa-IPG,SA	September 2013
Realpack GmbH	Robert-Bosch-Straße 6-12 D-71299 Wimsheim Germany	100.00	Packaging	Inapa Packaging, GmbH	November 2013

In 2013 there were the following amendments in respect of companies included in consolidation: (i) acquisition of the subsidiary Crediforma – Papelaria e Equipamento Técnico, Lda, (ii) acquisition of the subsidiary Tradembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, S.A., (iii) acquisition of subsidiary KORDA Kağıt Pazarlama ve Ticaret Anonim Şirketi, (iv) acquisition of Realpack GmbH, (v) acquisition of 2.4% of Inapa Deutschland, GmbH and (vi) the merger of Gestinapa SGPS, S.A. on its parent company Inapa IPG with effects as at January 1, 2013.

All balances and transactions with the subsidiaries were eliminated in the consolidation process. All balances and transactions with associates, which were not consolidated using the full consolidation method (Notes 11 and 37), and other companies where the Inapa Group has shares, are given in Note 35.

NOTE 37

Companies excluded from consolidation

The stakes given below were not included in the consolidation using the full consolidation method. The impact of not integrating them is not materially relevant, as they have been recorded by the equity method, as described in Notes 11 and 2.2. Megapapier was not consolidated by the full consolidation method as it is the intention of the Group to liquidate it as its value has been evaluated as zero.

COMPANY	REGISTERED OFFICE	DIRECT SHAREHOLDER	GROUP'S STAKE
Megapapier - Mafipa Netherland BV	PO Box 1097 3430 BB Nieuwegein Holland	Inapa France, SA	100%
Inapa Logistics	Warburgstrasse, 28 20354 Hamburg Germany	Papier Union, GmbH	100%
Inapa Vertriebs GmbH	Warburgstrasse, 28 20354 Hamburg Germany	Papier Union, GmbH	100%

NOTE 38

Trade receivables securitization

In the end of 2010, one of the Group companies, headquartered in Germany, proceeded to a securitization operation, for a period of 7 years, with the maximum amount of 65,000 thousand Euros.

These credits are booked in Balance sheet under Trade receivables against de caption Financing associated to financial assets (Note 23).

NOTE 39

Costs related to the services provided by the current auditors

In the years ending on December 31, 2013 and 2012, the costs relating to the services provided to subsidiary companies by the principal auditors, were as follows:

	2013	2012
Statutory Audit	543	631
Tax consultation services	8	9
Other services	6	22
	556	662

NOTE 40

Subsequent events

Until the publication of this report there were no subsequent events

INFORMATION REQUIRED BY LEGISLATION

Under the terms of n° 1 of Art°21 of Decree Law n° 411/91, of October 17, we hereby declare that the consolidated companies do not owe any due Social Security contributions to the State.

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Consolidated Financial Information

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Consolidated Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached consolidated financial statements of Inapa – Investimentos, Participações e Gestão, SA, comprising the consolidated balance sheet as at December 31, 2013 (which shows total assets of Euro 676,399 thousand and total shareholder's equity of Euro 193,859 thousand, including non-controlling interests of Euro 1,211 thousand and a net profit of Euro 1,273 thousand), the consolidated separate income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders equity and the consolidated cash flow statement for the year then ended, and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the consolidated financial statements which present fairly, in all material respects, the financial position of the Company and its subsidiaries, the consolidated results and the consolidated comprehensive income of their operations, the changes in consolidated equity and the consolidated cash flows; (ii) to prepare historic financial information in accordance with International Financial Reporting Standards as adopted by the European Union and which is complete, true, up to date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain appropriate systems of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company and its subsidiaries.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up to date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Accordingly, our audit included: (i) verification that the Company and its subsidiaries' financial statements have been appropriately examined and, for the cases where such an audit was not carried out, verification, on a sample basis, of the evidence supporting the amounts and disclosures in the consolidated financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the consolidated financial statements; (ii) verification of the consolidation operations and the utilization of the equity method; (iii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iv) assessing the applicability of the going concern basis of accounting; (v)

assessing the overall presentation of the consolidated financial statements; and (vi) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the consolidated financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements, as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Inapa – Investimentos, Participações e Gestão, SA as at December 31, 2013, the consolidated results and the consolidated comprehensive income of its operations, the changes in consolidated equity and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the information included is complete, true, up to date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the consolidated financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

March 19, 2014

PricewaterhouseCoopers & Associados
– Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

José Pereira Alves, R.O.C.

Individual Accounts

Balance sheet as at December 31, 2013

(Amounts expressed in thousand Euros)

Assets	NOTES	DECEMBER 31, 2013	DECEMBER 31, 2012 RESTATED
Non-current assets			
Tangible fixed assets	7	17.5	23.3
Investment properties	8	15,412.7	15,976.5
Other intangible assets	9	161.1	98.1
Investments - equity method	10	302,413.2	251,924.1
Investments - others methods	10	12.7	12.7
Other non-current receivables	14	37,212.3	37,212.3
Deferred tax assets	11	242.5	263.2
Total non-current assets		**355,472.1**	**305,510.2**
Current assets			
trade receivables	12	762.0	472.2
Tax to be recovered	13	1,213.9	1,083.5
Other current receivables	14	18,293.2	41,643.8
Deferrals		73.0	260.9
Cask and bank deposits	5	150.9	183.9
Total current assets		**20,493.0**	**43,644.3**
Total assets		**375,965.1**	**349,154.6**

Balance sheet as at December 31, 2013

(Amounts expressed in thousand Euros)

	NOTES	DECEMBER 31, 2013	DECEMBER 31, 2012 RESTATED
Shareholders equity			
Share capital	16	204,176.5	204,176.5
Issuance premium	16	451.1	451.1
Legal reserves	16	7,500.0	7,500.0
Other reserves	16	225.5	225.5
Retained earnings	16	-19,531.6	-18,006.4
Other shareholders equity changes	16	-1,447.1	3,902.5
Net profit/ (loss) for the year	16	1,273.4	-5,949.0
Total shareholders equity		**192,647.7**	**192,300.2**
Liabilities			
Non-current liabilities			
Loans	17	67,065.1	28,399.8
Deferred tax liabilities	11	12.2	22.7
Other payables	18	1,470.4	-
Total non-current liabilities		**68,547.6**	**28,422.5**
Current liabilities			
Suppliers		77.4	144.7
Tax liabilities	13	285.8	203.3
Loans	17	110,067.4	125,803.7
Other payables	18	4,339.2	2,280.2
Other financial **liabilities**		-	-
Total current liabilities		**114,769.8**	**128,431.9**
Total liabilities		**183,317.4**	**156,854.4**
Total shareholders equity and liabilities		**375,965.1**	**349,154.6**

To be read in conjuction with the Notes to the Individual financial statements.

Income statement as at December 31, 2013

(Amounts expressed in thousand Euros)

Income and expenses	NOTES	DECEMBER 31, 2013	DECEMBER 31, 2012 RESTATED
Sales and Service rendered	19	1,172.7	742.2
Gains / (losses) in associated/subsidiary companies	10	3,412.5	-2,610.4
General and administrative expenses	20	-2,286.8	-2,419.9
Personnel costs	21	-2,305.0	-2,410.1
Impairment on current assets	15	-	-
Other gains and profits	19	10,297.8	9,909.4
Other losses and expenses	22	-451.2	-224.9
Net profit / (loss) before depreciations, financial function and income tax		**9,840.1**	**2,986.3**
Depreciations and amortizations	23	**-586.5**	**-591.5**
Operacional result (before financial function and income tax)		**9,253.6**	**2,394.8**
Financial income - intererest and similar gains	24	1,754.4	1,680.4
Financial costs - interest and similar costs	24	-9,227.0	-9,881.8
Net profit / (loss) before Income tax		**1,781.0**	**-5,806.6**
Income tax	11	-507.7	-142.4
Net profit / (loss) for the period		**1,273.4**	**-5,949.0**
Earnings per share	25	0.002	-0.013

To be read in conjuction with the Notes to the Individual financial statements.

Statement of changes in shareholders equity as at December 31, 2013, and December 31, 2012

(Amounts expressed in thousand Euros)

	SHARE CAPITAL	SHARE ISSUANCE PREMIUM	RESERVES	RETAINED EARNINGS	ADJUSTMENTS ON FINANCIAL ASSETS	NET PROFIT / (LOSS) FOR THE PERIOD	TOTAL
As at December 31, 2011 RESTATED	**204,176.5**	**451.1**	**7,725.5**	**-16,245.7**	**8,532.4**	**-6,031.4**	**198,608.4**
Changes in period							
Equity method application	-	-	-	4,270.7	-4,629.9	-	-359.2
Other changes on shareholders equity	-	-	-	-	-	-	-
	-	**-**	**-**	**4,270.7**	**-4,629.9**	**-**	**-359.2**
Net profit/ (loss) for the period	-	-	-	-	-	-5,949.0	-5,949.0
Total profit / (loss)	**-**	**-**	**-**	**4,270.7**	**-4,629.9**	**-5,949.0**	**-6,308.2**
Shareholders equity movements in the period							
Capital increase	-	-	-	-	-	-	-
Distribuitions	-	-	-	-	-	-	-
Other operations							
Net profit /(loss) applications	-	-	-	-6,031.4	-	6,031.4	-
	-	**-**	**-**	**-6,031.4**	**-**	**6,031.4**	**-**
As at December 31, 2012 RESTATED	**204,176.5**	**451.1**	**7,725.5**	**-18,006.4**	**3,902.5**	**-5,949.0**	**193,300.2**
Changes in period							
Equity method application	-	-	-	4,423.7	-4,423.7	-	-
Other changes on shareholders equity	-	-	-	-	-925.9	-	-925.9
	-	**-**	**-**	**4,423.7**	**-5,349.5**	**-**	**-925.9**
Net profit/ (loss) for the period	-	-	-		-	1,273.4	1,273.4
Total profit / (loss)	**-**	**-**	**-**	**4,423.7**	**-5,349.5**	**1,273.4**	**347.5**
Shareholders equity movements in the period							
Capital increase	-	-	-	-	-	-	-
Distribuitions	-	-	-	-	-	-	-
Other operations							
Net profit /(loss) applications	-	-	-	-5,949.0	-	5,949.0	-
	-	**-**	**-**	**-5,949.0**	**-**	**5,949.0**	**-**
As at December 31, 2013	**204,176.5**	**451.1**	**7,725.5**	**-19,531.6**	**-1,447.1**	**1,273.4**	**192,647.6**

To be read in conjuction with the Notes to the Individual financial statements.

Cash flow statement as at December 31, 2013

(Amounts expressed in thousand Euros) - direct method

	NOTES	DECEMBER 31, 2013	DECEMBER 31, 2012
Cash flow generated from operating activities			
Cash receipts from customers		955.8	1,223.5
Payments to suppliers		-2,258.4	-3,148.2
Payments to personnel		-2,279.2	-2,561.8
Net cash from operational activities		**-3,581.8**	**-4,486.5**
Income taxes paid		-164.7	-193.1
Income taxes received		-	-
Other proceeds relating to operating activity		13,034.6	23,579.4
Other payments relating to operating activity		-8,697.8	-6,992.9
Net cash generated from operating activities	1	**670.3**	**11,906.9**
Cash flow from investing activities			
Proceeds from:			
Financial investments		-	628.0
Tangible fixed assets		-	-
Interest and similar income		753.0	790.5
Loans conceded		6,480.0	14,290.7
Dividends		1,881.5	4,742.3
		9,114.5	**20,451.5**
Payments in respect of:			
Financial investments		-3,777.1	-1,796.0
Tangible fixed assets		-	-
Intangible assets		-	-
Loans granted		-7,988.6	-3,066.0
		-11,765.7	**-4,862.0**
Net cash used in investing activities	2	**-2,651.2**	**15,589.5**

Cash flow statement as at December 31, 2013

(Amounts expressed in thousand Euros) - direct method

	NOTES	DECEMBER 31, 2013	DECEMBER 31, 2012
Cash flow from financing activities			
Proceeds from:			
Loans obtained		76,478.0	107,953.6
Capital increases, repayments and share premiums		-	-
Treasury placements		-	-
		76,478.0	**107,953.6**
Payments in respect of:			
Loans obtained		-94,670.6	-125,238.9
Amortization of financial leases		-728.4	-998.5
Interest and similar expenses		-8,670.0	-8,249.1
Dividends		-	-
		-104,069.0	**-134,486.5**
Net cash used in financing activities	3	**-27,591.0**	**-26,532.9**
Increase / (decrease) in cash and cash-equivalent	1+2+3	-29,571.9	963.4
Effect of exchange differences		-0.1	-0.2
		-29,572.0	**963.2**
Cash and cash equivalents - begining of period	5	-17,436.0	-18,399.2
Cash and cash equivalents - end of period	5	-47,008.0	-17,436.0
		-29,572.0	**963.2**

To be read in conjuction with the Notes to the Individual financial statements.

Notes to the Individual Financial Statements

Notes to Financial Statements for the year ended 31 December 2013

(Amounts in thousands of euros, except if mentioned otherwise)

NOTE 1

Introduction and Identification

Inapa - Investimentos, Participações e Gestão, S/A (Inapa - IPG) is the parent company of Inapa Group, being a stakeholder in the ownership and management of movable goods and real estate, making equity investments in other companies, the exploration of commercial and industrial establishments, whether its own or of others, as well as providing assistance to companies whose equity it partakes in. Inapa - IPG is listed on Euronext Lisbon. The most significant shareholdings are set out in note 16.

Registered Office: Rua Braamcamp 40 - 9ºD 1250-050 Lisboa, Portugal
Capital: 204,176,479.48 euros
NIPC (Corporate Taxpayer ID Nr): 500 137 994

The financial statements of the fiscal year were prepared in all material respects, in accordance to the standards of the *Sistema de Normalização Contabilística* [Accounting Standardisation System] (SNC)

These financial statements were approved by the Board of Administration, at the meeting of March 19th 2014. It is the Administration's opinion that these financial statements truly and properly reflect the transactions of Inapa - IPG as well as its status, financial performance and cash flows.

NOTE 2

Accounting reference in the preparation of the financial statements

2.1. Basis of Preparation

These financial statements have been prepared under the disclosures in force in Portugal, issued by Decree-Law nº 158/2009, of 13 July, and according to the *Estrutura Conceptual* [Framework] (EC), *Normas Contabilísticas e de Relato Financeiro* [Accounting and Financial Reporting Standards] (NCRF) and *Normas Interpretativas* [Interpretative Standards] (NI) listed in the Accounting Standardisation System (SNC)

2.2. Waiver of the SNC provisions

In this exercise no SNC provisions were waived.

2.3. Comparability of financial statements

The figures in the financial statements for the fiscal year ended 31 December 2013 are comparable in all significant aspects with those of fiscal year 2012, unless otherwise stated.

NOTE 3

Main accounting principles and valuation criteria

The attached financial statements have been prepared assuming the continuity of operations, from the Company's accounting records. The main accounting principles and valuation criteria adopted in preparing the financial statements are the following:

(i) Tangible fixed assets (NCRF 7)

The tangible fixed assets are booked at cost of acquisition, less accumulated depreciation and impairment losses. This cost includes the cost estimated on the date of transition to the SNC, and the costs for acquisitions of assets obtained afterwards.

The acquisition cost includes the purchase price of the asset, the costs directly attributable to their acquisition, including non-deductible taxes, and charges incurred in preparing the asset so as to be in a usable condition.

The land plots are not depreciated. Depreciation of other assets is calculated after the date on which the goods are available for use by the straightline method, according to the period of useful life for each one and which correspond to the following rates:

Buildings and other constructions	2% - 5%
Basic equipment	6.66% - 12.5%
Equipment transport	20% - 50%
Office equipment	10% - 12.5%

The depreciation process by twelfths, starts in the fiscal year's month when the respective asset goes into operation.

The costs of maintenance and repairs that do not increase the useful life of the assets, nor result in significant benefits or enhancement in items of tangible fixed assets, are booked as expenses in the fiscal year they occur.

(ii) Investment Properties (NCRF 11)

Tangible fixed assets are classified as investment property when held with the aim of achieving capital appreciation and income.

Investment property is initially valued at cost of acquisition, including transaction costs that can be directly assignable. After the initial recognition, the investment properties are stated at cost less the depreciation and accumulated impairment losses.

Costs incurred for investment property in use, namely, maintenance, repairs, insurance and taxes on proprieties are recognized as expenses in the period to which they relate. The leasehold improvements or investment property for which there are expectations that they will generate additional future economic benefits beyond initial estimates, are capitalized under the heading of investment properties.

(iii) Intangible Assets (NCRF 6)

Intangible assets are booked at cost of acquisition, less depreciation and accumulated impairment losses. Intangible assets are recognized only if it is likely that future economic benefits attributable to the asset will flow to the Company, are controllable and their cost can be assessed reliably.

The cost of acquisitions correspond to the price of purchase, including costs related to intellectual property rights and taxes on non redeemable purchases, after deducting trade discounts and rebates.

The assets without defined useful life are not subject to depreciation, but to an annual impairment tests.

The development expenses are recognized whenever the Company demonstrates the ability to complete its development and initiate their use and for which it is likely that the asset created will generate future economic benefits. The development costs that do not meet these criteria are recorded as expenses in the fiscal year they are incurred.

The amortization of an intangible asset with finite useful lives is calculated from the date of first use, according to the the straight-line method, in accordance with the estimated period of useful life, taking into account the residual value.

Intangible assets booked are depreciated over a period of 5 years.

(iv) Lease contracts (NCRF 9)

The assets used under financial leasing contracts, for which the Company assumes substantially all risks and rewards inherent to its possession of the leased asset are classified as tangible fixed assets and the debts pending settlement are recognized according to the contractual financial plan.

Interest included in the income and depreciation value of the respective tangible fixed asset is recognized as expenses in the profit and loss account for the fiscal year to which they relate.

In lease contracts where the lessor undertakes a significant portion of the risks and benefits to the property, being the company the lessee, is classified as operating leases. The payments resulting from the completion of these contracts are booked in the profit and loss account over the lease term.

The classification of leases as either financial or operational depends on the substance of the transaction rather than the form of contract.

(v) Investments in subsidiaries and associates (NCRF 15 & NCRF 13)

Investments in subsidiaries and associates are booked under the equity method.

The subsidiaries are all entities (including special-purpose ones) over which Inapa - IPG has the power to decide on the financial or operational policies, what normally is associated with direct or indirect control of more than half of the voting rights. The associates are entities over which Inapa - IPG has between 20% and 50% of the voting rights or over which Inapa - IPG has significant influence, but cannot exercise control.

Upon acquisition, the excess cost in relation to the fair value of the Inapa - IPG portion in the identifiable assets acquired is booked as goodwill, which, less accumulated impairment losses, is considered under the heading of Investments – equity method. If the cost of acquisition is less than the fair value of net assets of the acquired subsidiary, the difference is recognized directly in the profit and loss account.

Under the equity method, the financial statements include the Company's share of total recognized gains and losses since the date that the control or significant influence begins until the date it effectively ends. Gains or losses that are not due to transactions made between companies of the Inapa Group, including associates, are eliminated. Dividends allocated by the subsidiary or associate are considered reductions of the investment held.

When the share of losses of a subsidiary or associate exceeds the investment value, the Group recognizes additional losses in the future, if the Group has incurred obligations or made payments on behalf of the associate or subsidiary.

The accounting policies implemented by subsidiaries and associates are changed, where necessary, to ensure that they are consistently applied by Inapa - IPG and by its subsidiaries and associates.

Entities that qualify as subsidiaries and associated companies are listed in Notes 6.3 and 10.

(vi) Goodwill (NCRF 14)

Goodwill is booked as an asset under the heading of Investments - equity method and is not subject to depreciation. On an annual basis, or whenever there is evidence to a possible loss of value, the goodwill values are subject to impairment tests. Any impairment loss is recorded as an expense in the profit and loss account for the fiscal year and cannot be prone to later reversal.

(vii) Financial assets and liabilities (NCRF 27)

Investments - other methods

Financial contributions corresponding to equity instruments that are not traded in active market and whose fair value cannot be obtained reliably are measured at cost less any impairment loss. The remaining investments are measured at fair value with changes in fair value being recognized in the profit and loss account.

Customers and other receivables

Entries of Customers and Other receivables constitute rights to receive for the sale of goods or services in the Company's ordinary course of business, being recognized initially at fair value and subsequently measured at amortized cost less impairment adjustments, if applicable (Notes 12 and 14).

Impairment losses of customer balances and accounts receivable are booked, whenever there is objective evidence that they are not recoverable. Identified impairment losses are booked in the profit and loss account on impairment of receivables, being subsequently reversed by income, if the impairment indicators no longer exist (Note 15).

Financing

Financing obtained is initially recognized at fair value, net of transaction and set-up costs incurred. The loans are subsequently reflected at amortized cost being the difference between the face value and the initial fair value recognized in the profit and loss account over the period of the loan, using the effective interest rate.

The loans obtained are classified as current liabilities, unless the Company has an unconditional right to defer payment of the liability for at least 12 months from the balance sheet date, being, in this case, classified as non-current liabilities (Note 17).

Suppliers and other payables

Entries of Suppliers and Other accounts payable are obligations to pay for the purchase of goods or services, being recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate.

(viii) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other short-term investments of high liquidity and with initial maturities up to three months and bank overdrafts. Bank overdrafts are shown on the balance sheet as current liabilities in the heading bank loans, and are considered in drafting the statement of cash flows, such as cash and cash equivalents (Note 5).

(ix) Impairment of assets (NCRF 12)

An impairment of assets is assessed on the balance sheet date and whenever a change occurs to circumstances indicating that the amount for which an asset is booked may not be recovered (Note 16). In the case of non-current assets that are not amortized because they do not have a finite useful life, impairment tests are carried out on a regular basis.

Whenever an asset amount accounted is higher than its recoverable amount, an impairment loss/provision is recognized. , which is booked in the profit and loss account or in equity when the asset has been appraised, a situation where the respective appreciation will be decreased. The recoverable amount is the highest value from the fair value of an asset less selling costs and its value in use.

The reversal of impairment losses recognized in prior fiscal years is booked when the reasons that caused the booking thereof ceased to exist (except goodwill). The reversal is booked in the profit and loss account unless the asset has been revalued and its revaluation booked in equity has been reduced as a result of impairment loss.

(x) Provisions, contingent liabilities and contingent assets (NCRF 21)

Provisions are recognized when and only when, the Company has a present obligation (legal or implicit) resulting from a past event, and it is likely that to settle the obligation, an outflow of resources occurs and the obligation amount can be reasonably estimated.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate at that date, taking into account the risks and uncertainties inherent in such estimates.

Provisions for restructuring expenses are recognized when there is a formal and detailed restructuring plan, which has been notified to the parties involved.

The present obligations arising from onerous contracts are valued and booked as provisions. There is an onerous contract when the company is an integral part of the provisions of a contract or agreement, compliance with which entails associated expenses that cannot be avoided, which exceed the economic benefits derived from it.

Contingent liabilities are not recognized in financial statements but are disclosed whenever the likelihood of an outflow of resources encompassing economic benefits is not remote. Contingent assets are not recognized in the financial statements, but are disclosed when likelihood exists of a future economical inflow of resources.

(xi) Revenue (NCRF 20)

Revenue is valued at fair value of the consideration received or receivable.

The income from services is recognized at fair value of amount receivable and according to the degree of the service execution.

Revenue from royalties is recognized in accordance with the economic periodization system and meeting the substance of corresponding contracts, provided it is likely that the economic benefits will flow to the Company and its amount can be reliably valued and is accounted for under the heading of Other income and gains.

Interest revenue is recognized using the effective interest method, provided it is likely that economic benefits will flow to the Company and its amounts can be reliably valued.

(xii) Earnings basis

The transactions are recognized in the accounts when earned, regardless of when they are received or paid. The differences between the amounts received and paid and the corresponding income and expenses are booked under Other receivable and payable accounts and Deferred income

(xiii) The effects of fluctuations in exchange rates (NCRF 23)

All assets and liabilities denominated in foreign currencies are converted into euros using the exchange rates prevailing at balance sheet dates. Exchange differences, gains and losses arising from differences between exchange rates in force on the date of the transactions and those in effect on the settlement date, or the balance sheet date were booked as income and expenses for the year.

Exchange differences arising from the conversion to euro from subsidiaries financial statements denominated in foreign currency are included in equity under the heading Other changes in equity

(xiv) Income taxes (NCRF 25)

The income tax comprises current tax and deferred taxes.

Current tax on income is calculated based on the Company's taxable income under the tax rules, and the deferred tax results from temporary differences between the amount of assets and liabilities for accounting report purposes (written-down value) and their amounts for taxing purposes (tax base).

Deferred tax assets and liabilities are calculated using tax rates in effect or announced to take effect at the date of the expected reversal of temporary differences.

The deferred tax assets are recognized only when there are reasonable prospects of obtaining future taxable income enough for its use, or in situations where there are taxable temporary differences to offset deductible temporary differences in the reversal period.

At the end of each period, the calculation of these deferred taxes is reviewed, and they are reduced whenever its future use is no longer likely.

The deferred taxes are recognized as expense or income for the fiscal year, except if they relate to amounts booked directly in equity, where the deferred tax is also revealed under the same heading.

(xv) Relevant estimates and judgements

The preparation of financial statements was conducted in accordance to generally accepted accounting principles, using the 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 estimates have been based on the best knowledge of the Board in relation to current events and actions, actual results may ultimately come to differ from them. However, the Administration Board is convict that the adopted estimates and assumptions do not involve significant risks that may cause material adjustments to the value of assets and liabilities during the next fiscal year.

The estimates that show a significant risk of entailing a material adjustment to the accounting values of assets and liabilities in the following fiscal year are listed below:

a) Estimated impairment of goodwill

Inapa - IPG on an annual basis tests whether goodwill impairment exists or not in accordance with the accounting policy described in Note 3 (vi). The recoverable values of the cash flow generating units are determined based on the calculation of usage values. These calculations require the use of estimates (note 10).

b) Income Tax

Inapa - IPG is subject to taxes over income, being the calculation of the tax subject to review by the tax authorities. When the final result of this review is different from the values initially booked, the differences will impact on the income tax and provisions for deferred tax, within the period in which such differences are identified.

Additionally, deferred tax assets include the effect of the value of tax losses for which there is expectation of recovery in the future. The non-recovery of tax losses or changes to the recovery expectation in future fiscal years will impact the income of the fiscal year in which the situation arises.

c) Doubtful collections

Impairment losses on bad loans are based on evaluation by Inapa - IPG as regards the likelihood of recovery of the balances of receivables. This evaluation process is subject to several estimates and judgements. The updates of these estimates may involve the determination of different impairment levels and, therefore, different impacts on results.

d) Provisions for litigation

Inapa - IPG is a party in some on-going lawsuits, having set provisions that are considered necessary always according to estimates made by management, based on the Company's lawyer's advice (Note 3 (x)).

A negative decision in any on-going lawsuit may have an adverse effect on business, financial condition and results of the Company.

NOTE 4

Accounting policies, changes in accounting estimates and errors

In the year 2013 there were no changes of accounting policies or changes in accounting estimates or significant errors, under the regulatory environment. However due to the changes in accounting policies made by its subsidiaries, particularly with regard to the accounting treatment of employee benefits, the restatement of balances for the year 2012 presented in these financial statements for comparative purposes was made.

The society and by amending the accounting policies of its subsidiaries has restated the Net profit and loss for the year, through of the equity method, of 2012. The restatement performed had the following impacts:

	31-12-2012 PUBLISHED	RESTATMENT EFFECT	31-12-2012 RESTATED
Assets			
Investment properties - equity method	252,729.3	-805.2	251,924.1
Shareholders equity			
Adjustments on financial assets	4,793.7	-891.2	3,902.5
Net profit / (loss) for the period	-6,035.1	86.1	-5,949.0
Income statment			
Gains / (losses) in associated/ subsidiary companies	-2,696.4	86.1	-2,610.4

The amounts of funding for the year ended December 31, 2012 have been amended for the purposes of financial statement presentation. Amounts relating to finance leases were reclassified from Other liabilities to financing. The adoption had the following impact:

	31-12-2012 PUBLISHED	RESTATMENT EFFECT	31-12-2012 RESTATED
Non current liabilities			
Loans	25,180.9	3,218.9	28,399.8
Other payables	3,218.9	-3,218.9	0.0
Current liabilities			
Loans	125,227.1	576.6	125,803.7
Other payables	2,856.8	-576.6	2,280.2

NOTE 5

Cash flows

The Cash and cash equivalents as at 31 December 2013 and 2012 are analysed as follows:

	2013	2012
Immediately available bank deposits	150.4	180.5
Cash	0.5	3.4
Cash and bank deposits in balance sheet	**150.9**	**183.9**
Bank overdrafts	-47,159.0	-17,620.0
Cash and its equivalents	**-47,008.0**	**-17,436.0**

NOTE 6

Related parties

6.1. Related to the parent company

As mentioned in Note 1, Inapa - IPG is the parent company of the Inapa Group, whereas in Note 6.3 the balances with shareholders are disclosed.

6.2. Remuneration provided to members of the Corporate Board

The remuneration paid by Inapa - IPG to the members of the Governing Board in 2013 and 2012 are analysed as follows (euros):

	2013	2012
Board of Administration		
Remunerations	1,126,860	1,139,743
Post-employment benefits	-	-
Other long-term benefits	-	-
Benefits from employment termination	-	-
Payment in shares	-	-
	1,126,860	**1,139,743**
Audit Committee*		
Remunerations	107,252	103,500
Presiding Board of General Meeting		
Remunerations	10,000	7,000

* Remuneration paid to members of the Audit Committee is included in the Administration Board's remuneration amount.

6.3. Balances with other related parties

The Company maintains business and financing relationships with subsidiaries.

The subsidiaries owned directly by the Company at 31 December 2013, are as follows:

DESIGNATION	HEADQUARTERS	% OF DIRECT PARTICIPATION	ACTIVITY
Inapa France, SA	91813 Corbeil Essones Cedex France	100.00	Paper Distribution
Inapa Deutschland, GmbH	Warburgstraß, 28 20354 Hamburg Germany	100.00	Holding
Inapa Suisse	Althardstrasse 301 8105 Regensdorf – Switzerland	32.50	Paper Distribution
Edições Inapa, Lda	Rua Castilho, 44-3º 1250-071 Lisbon	100.00	Publishing
Europackaging SGPS, Lda	Rua Castilho, 44-3º 1250-071 Lisbon	100.00	Holding
Inapa-Portugal, SA	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	99.75	Paper Distribution
Inapa España Distribuición de Papel, SA	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid	100.00	Paper Distribution
Inapa Belgique	Vaucampslan, 30 1654 Huizingen Belgium	99.94	Paper Distribution
Inapa – Merchants, Holding, Ltd	Torrington House, 811 High Road Finchley N12 8JW UK	100.00	Holding
Inapa Shared Center, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	98.00	Shared Services
KORDA Kağıt Pazarlama ve Ticaret Anonim Şirketi	Kasap Sokak. Konak Azer 34394 Istambul - Turkey	100.00	Paper Distribution

As at December 31, 2013 Inapa IPG and Gestinapa made a merger by incorporation in Inapa IPG of the entire assets and liabilities of Gestinapa, company wholly owned by Inapa IPG.

The global transfer of the assets of the company Gestinapa to Inapa IPG resulted in new shares directly held by the Company: i) Inapa Portugal S.A.; ii) Paper Distribuición Inapa España, S.A.; iii) Inapa - Merchants Holding Ltd ; iv) Inapa Shared Center, Lda; v) increased share of 99.2% to 100% in Inapa Edições Lda.; vi) increased share of 98.0% to 100% in Europackaging SGPS, Lda; vii) participation increase of 47 0% to 97.6% in Inapa Deutschland GmbH.

The merger had the following impact on the Inapa IPG financial statements as at December 31, 2013 in comparisation to the previous year:

	IMPACT
Assets	
Financial Investment	67,237.0
Equity method of financial investments	-26,240.9
Other current receivables	-18,747.1
	22,249.0
Liabilities	**22,249.0**

During 2013 Inapa IPG made the acquisition of the subsidiaries i) Korda Kağıt Pazarlama ve Ticaret Anonim Şirketi in its whole capital, ii) Inapa Belgique SA through the acquisition of a 99.94% to Inapa France SA, iii) and 2.4% acquisition of the company Inapa Deutschland GmbH becoming the holder of 100.00% share capital.

On 31 December 2013 and 2012, balances with Inapa Group companies were as follows:

	2013						
	CURRENT ASSETS		ASSETS	LIABILITIES			
		OTHER RECEIVABLES	NONCURRENT	FINANCING OBTAINED (NOTE 17)			OTHER CREDITORS
					BORROWINGS		
COMPANY	CLIENTS	GROUP COMPANIES	OTHER RECEIVABLES	BONDS	NONCURRENT	CURRENT	CURRENT
Inapa Portugal, SA	177.9	1,201.8	-	-	-	10,937.4	1,733.5
Edições Inapa, Lda	-	1,204.5	-	-	-	-	-
Inapa France, SA	121.8	5.5	-	45,256.8	-	-	1,292.1
Inapa Belgique,SA	1.4	2,476.2	-	-	-	-	-
Inapa España, SA	43.3	264.9	-	-	-	2,500.0	65.2
Inapa Deutschland, GmbH	87.5	2,727.9	20,517.0	-	-	-	197.6
Papier Union	307.3	31.5	-	-	-	-	-
Inapa Shared Center	-	44.0	-	-	-	-	86.8
Inapa Suisse	22.7	4.0	-	-	1,710.7	4,525.3	145.2
Europackaging	-	6,710.2	-	-	-		-
Da Hora	-	2.1	-	-	-	-	-
Inapa Angola	-	15.3	-	-	-	-	-
Inapa Merchants Holding							319.1
Others	0.1	9.5	-	-	-	-	0.4
	762.0	**14,697.4**	**20,517.0**	**45,256.8**	**1,710.7**	**17,962.8**	**3,839.9**

	2012						
	CURRENT ASSETS		ASSETS	LIABILITIES			
		OTHER RECEIVABLES	NONCURRENT	FINANCING OBTAINED (NOTE 17)			OTHER CREDITORS
					BORROWINGS		
COMPANY	CLIENTS	GROUP COMPANIES	OTHER RECEIVABLES	BONDS	NONCURRENT	CURRENT	CURRENT
Gestinapa - SGPS, SA	-	27,646.1	-	-	-	-	-
Inapa Portugal, SA	59.3	-	-	-	-	-	497.1
Edições Inapa, Lda	-	1,215.4	-	-	-	-	-
Inapa France, SA	103.3	102.7	-	32,247.8	-	-	1,281.1
Inapa Belgique,SA	0.6	-	-	-	-	-	81.3
Inapa España, SA	77.3	210.9	-	-	-	-	21.2
Inapa Deutschland, GmbH	87.5	2,251.6	20,517.0	-	-	-	-
Papier Union	122.3	-	-	-	-	-	-
Inapa Shared Center	-	123.9	-	-	-	-	-
Inapa Suisse	21.8	4.0	-	-	4,601.9	1,739.6	23.6
Europackaging	-	5,216.4	-	-	-	-	-
Others	0.1	17.8	-	-	-	-	-
	472.2	**36,788.8**	**20,517.0**	**32,247.8**	**4,601.9**	**1,739.6**	**1,904.2**

The balances receivable from Edições Inapa Lda and Inapa Portugal do not bear interest nor have fixed term of repayment. The receivable balances booked under Other receivable accounts - Group Companies related to Inapa France SA, Inapa Bélgica SA and Inapa Deutschland, GmbH bear interest at current market rates. From the receivable balance from Europackaging Lda, only 2,7 millions euros bear interest at current market rates.

The liabilities balances to Inapa Suisse, Inapa Portygal SA, Inapa Espanha and Inapa France bear interest at current market rates.

Additionally, Inapa - IPG has financing contracted with Banco Comercial Português SA, an entity that has a qualifying holding in the Company (Note 16). Bank overdrafts with Banco Comercial Português S.A. reach 34,338.99 thousand euros as at December 31, 2013 (2012: 7,904.2 thousand euros) (Note 17).

During the years 2013 and 2012, transactions with related parties were as follows:

	2013			
	SALES AND SERVICES RENDERED	OTHER INCOME	OTHER EXPENSES	FINANCIAL COSTS
Inapa Portugal, SA	181.4	479.7	12.6	7.2
Edições Inapa, Lda	9.0	-	-	-
Inapa France, SA	243.5	90.6	1,030.8	825.4
Inapa Belgique,SA	3.6	1.4	-	-
Inapa Luxembourg,SA	-	0.3	-	-
Inapa España, SA	141.2	674.3	-	-
Inapa Deutschland, GmbH	175.0	1,239.4	216.0	-
Papier Union	201.6	226.7	-	-
Inapa Shared Service	-	14.5	131.7	-
Inapa Suisse	62.1	3.2	122.2	139.9
Da Hora	25.0	-	1.0	-
Europackaging	130.4	126.1	-	-
BCP	-	-	-	1,803.8
	1,172.7	**2,856.3**	**1,514.2**	**2,776.2**

	2012			
	SALES AND SERVICES RENDERED	OTHER INCOME	OTHER EXPENSES	FINANCIAL COSTS
Inapa Portugal, SA	117.1	-	404,0	-
Edições Inapa, Lda	9.0	-	-	-
Inapa France, SA	240.0	99.0	900.0	1,145.0
Inapa Belgique,SA	-	-	110.0	-
Inapa Luxembourg,SA	-	-	-	-
Inapa España, SA	153.0	744.0	-	-
Inapa Deutschland, GmbH	181.0	1,469.0	-	-
Papier Union	-	-	-	-
Inapa Shared Service	-	-	47.0	-
Inapa Suisse	42.1	-	-	142.0
Europackaging	-	104.0	-	-
BCP	-	-	-	675.0
	742.2	**2,416.2**	**1,461.0**	**1,962.0**

NOTE 7

Tangible fixed assets

During the fiscal year ended 31 December 2013, the transactions under the heading of tangible fixed assets were as follows:

	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Acquisition cost						
Balance as at 1 January 2013	**13.7**	**10.5**	**-**	**113.4**	**6.3**	**143.9**
Increases	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-
Transfers/deductions	-	-	-	-	-	-
Balance as at 31 December 2013	**13.7**	**10.5**	**-**	**113.4**	**6.3**	**143.9**
Accrued depreciations						
Balance as at 1 January 2013	**2.7**	**7.9**	**-**	**107.4**	**2.6**	**120.6**
Reinforcement	2.8	1.4	-	1.3	0.4	5.8
Divestitures	-	-		-	-	-
Transfers/deductions	-	-	-	-	-	-
Balance as at 31 December 2013	**5.5**	**9.3**	**-**	**108.7**	**3.0**	**126.4**
Net value as at beginning of 2013	11.0	2.6	-	6.0	3.7	23.3
Net value as at end of 2013	**8.2**	**1.2**	**-**	**4.7**	**3.3**	**17.5**

During the fiscal year ended 31 December 2012, the transactions that occurred under the heading of tangible fixed assets were as follows:

	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Acquisition cost						
Balance as at 1 January 2012	**92.7**	**10.5**	**-**	**113.4**	**6.3**	**222.9**
Increases	-	-	-	-	-	-
Divestitures	-	-	-	-	-	-
Transfers/deductions	-79.0	-	-	-	-	-79.0
Balance as at 31 December 2012	**13.7**	**10.5**	**-**	**113.4**	**6.3**	**143.9**
Accrued depreciations						
Balance as at 1 January 2012	**79.0**	**6.4**	**-**	**106.2**	**2.2**	**193.8**
Reinforcement	2.7	1.5	-	1.2	0.4	5.8
Divestitures	-	-		-	-	-
Transfers/deductions	-79.0	-	-	-	-	-79.0
Balance as at 31 December 2012	**2.7**	**7.9**	**-**	**107.4**	**2.6**	**120.6**
Net value as at beginning of 2012	13.7	4.1	-	7.2	4.1	29.1
Net value as at end of 2012	**11.0**	**2.6**	**-**	**6.0**	**3.7**	**23.3**

NOTE 8

Investment properties

During the fiscal year ended on 31 December 2013, the transactions under the category of investment properties were as follows:

	LAND PLOTS	BUILDINGS AND OTHER CONSTRUCTIONS	TOTAL
Cost of acquisition			
Balance as at 1 January 2013	**3,904.6**	**14,045.4**	**17,950.0**
Increases	-	-	-
Divestitures	-	-	-
Transfers/write-offs	-	-	-
Balance as at 31 December 2013	**3,904.6**	**14,045.4**	**17,950.0**
Accrued depreciations			
Balance as at 1 January 2013	**-**	**1,973.5**	**1,973.5**
Reinforcements	-	563.8	563.8
Divestitures	-	-	-
Transfers/write-offs	-	-	-
Balance as at 31 December 2013	**-**	**2,537.3**	**2,537.3**
Net value as at beginning of 2013	3,904.6	12,071.9	15,976.5
Net value as at end of 2013	**3,904.6**	**11,508.1**	**15,412.7**

During the fiscal year ended on 31 December 2012, the transactions under the category of investment properties were as follows:

	LAND PLOTS	BUILDINGS AND OTHER CONSTRUCTIONS	TOTAL
Cost of acquisition			
Balance as at 1 January 2012	**3,906.6**	**14,044.4**	**17,951.0**
Increases	-	-	-
Divestitures	-	-	-
Transfers/write-offs	-2.0	1.0	-1.0
Balance as at 31 December 2012	**3,904.6**	**14,045.4**	**17,950.0**
Accrued depreciations			
Balance as at 1 January 2012	**-**	**1,410.6**	**1,410.6**
Reinforcements	-	563.8	563.8
Divestitures	-	-	-
Transfers/write-offs	-	-0.9	-0.9
Balance as at 31 December 2012	**-**	**1,973.5**	**1,973.5**
Net value as at beginning of 2012	3,904.6	12,633.8	16,540.4
Net value as at end of 2012	**3,904.6**	**12,071.9**	**15,976.5**

The Investment Property account refers mainly to the acquisition in 2009 by cession of the real estate and basic equipment leasing contracts from the Group's Spanish subsidiary, of the property designed for warehousing and its robotic equipment located in Leganés (Madrid) (See Note 17). The assets underlying these contracts were subsequently leased to Inapa Spain, S/A for a period of six years, whereas the rents charged for this transaction are reflected under the heading "Other income and gains.

NOTE 9

Intangible assets

During the year ended 31 December 2013, the transactions in the items of intangible assets were as follows:

	SOFTWARE	OTHER INTANGIBLE ASSETS	IN PROGRESS	TOTAL
Cost of acquisition				
Balance as at 1 January 2013	**197.4**	**126.3**	**51.3**	**374.9**
Increases	-	43.1	36.8	80.0
Divestitures	-	-	-	-
Transfers/write-offs	-	-	-	-
Balance as at 31 December 2013	**197.4**	**169.4**	**88.1**	**454.9**
Accrued amortizations				
Balance as at 1 January 2013	**190.1**	**86.8**	**-**	**276.9**
Increases	3.7	13.2	-	16.9
Divestitures	-	-	-	-
Transfers/write-offs	-	-	-	-
Balance as at 31 December 2013	**193.8**	**100.0**	**-**	**293.8**
Net value as at beginning of 2013	7.3	39.5	51.3	98.1
Net values as at end of 2013	**3.6**	**69.4**	**88.1**	**161.1**

During the year ended 31 December 2012, the transactions in the items of intangible assets were as follows:

	SOFTWARE	OTHER INTANGIBLE ASSETS	IN PROGRESS	TOTAL
Cost of acquisition				
Balance as at 1 January 2012	**190.2**	**129.6**	**40.3**	**360.0**
Increases	7.2		11.0	18.2
Divestitures	-	-	-	-
Transfers/write-offs	-	-3.3	-	-3.3
Balance as at 31 December 2012	**197.4**	**126.3**	**51.3**	**374.9**
Accrued amortizations				
Balance as at 1 January 2012	**179.1**	**76.0**	**-**	**255.1**
Increases	8.6	13.2	-	21.8
Divestitures	-	-	-	-
Transfers/write-offs	2.4	-2.4	-	-
Balance as at 31 December 2012	**190.1**	**86.8**	**-**	**276.9**
Net value as at beginning of 2012	11.1	53.6	40.3	105.0
Net values as at end of 2012	**7.3**	**39.5**	**51.3**	**98.1**

NOTE 10

Investments

As at December, 31 of 2013 and 2012, investments in subsidiaries and associated companies booked under Investments - equity method, as well as other financial investments booked under Investments - other methods, are broken down as follows:

		2013						2012	
	HEADQUARTERS	ASSETS*	EQUITY*	NET INCOME*	% OF SHARE	RESULTADO APROPRIADO	ALLOCATED INCOME	% OF SHARE	BALANCE VALUE RESTATED
Stock share in subsidiaries & associates									
a) Portuguese									
Gestinapa - SGPS, SA	Lisboa	-	-	-	-	-	-	100.0%	132,469.9
Inapa Portugal SA	Sintra	49,611.6	16,991.5	1,424.1	99.8%	1,342.7	75,336.0	-	
Inapa Espana SA	Madrid	31,339.8	13,525.1	-2,168.2	100.0%	-1,332.8	64,479.9	-	
Edições Inapa, Lda	Lisboa	1,081.4	-237.6	-153.7	100.0%	-153.7	600.0	99.2%	595.1
Inapa Shared Center, Lda	Sintra	3,142.8	1,324.6	51.5	98.0%	352.0	99.7	-	
Europackaging - SGPS, SA	Lisboa	8,013.6	243.4	159.0	100.0%	194.3	5.0	98.0%	4.9
						402.4	**140,520.7**		**133,069.9**
a) Foreign									
Inapa France, SA	France	236,901.8	145,893.7	114.6	100.0%	410.5	235,245.1	100.0%	235,245.1
Inapa Deutschland, GmbH	Germany	149,035.8	73,085.0	-2,076.1	100.0%	3,623.9	117,744.7	47.0%	72,000.0
Inapa Suisse	Switzerland	22,573.9	17,450.2	-1,532.9	32.5%	-1,112.6	5,123.1	32.5%	5,123.1
Korda	Turkey	14,354.4	5,551.5	153.7	100.0%	224.2	5,303.5	100.0%	-
IMH	UK	318.3	318.3	0.0	100.0%	0.0	14,041.5	-	-
Inapa Belgique, SA	Belgium	6,366.0	1,148.3	-166.0	99.9%	-135.9	10,515.0	99.9%	-
						3,010.1	**387,972.9**		**312,368.2**
Ajustment by application of the equity method							-226,080.3		-193,513.9
						3,412.5	**302,413.3**		**251,924.1**
Partes de capital em outras empresas									
Medialivros - Atividades Editoriais, SA	Lisboa	**	**	**	3.9%		83.1	3.9%	83.1
Outros							12.7		12.7
Imparidade							-83.1		-83.1
							12.7		**12.7**

* Information relating to statutory financial statements.

** Financial information not available.

The appropriate income was calculated after the regulatory adjustments within the scope of the equity method application.

The transactions occurred under the caption of Investments - equity method is derived primarily from application of the equity method.

The changes in Investments - equity method essentially results from the application of the equity method, from the merger with Gestinapa and acquisitions made to entities of the Inapa Group, except Korda. The latter entity was acquired for the amount of 5,305.5 million euros and were assigned a value of 4,710 thousand euros to the net assets acquired. Additionally in 2013 were also dividends received of 1,101.1 million euros from the subsidiaries Inapa Deutschland (705 thousand euros) and Inapa Switzerland (396.1 million euros).

As mentioned in Note 3 (vi), the goodwill calculated during application of the equity method is recorded under the heading Investments - equity method. The goodwill booked by Inapa-IPG, together with the remaining goodwill booked in the consolidated accounts of the Inapa Group, was allocated as a whole to each of the several segments of the Group's business and its impairment was also tested considering each segment of business throughout the Group. Thus, in the sequence of the Group's goodwill impairment booking in 2006 as a whole, it was not possible to quantify the amount of goodwill included in the section above.

The Group calculates on an annual basis the recoverable amount of assets and liabilities associated with the activity of the various business segments, by determining the value in use, according to the method of "discounted cash flow".

The amounts were supported by expectations of market development, whereas future cash flow projections have been compiled, based on medium and long-term plans approved by the Administration Board covering a period up to 2018. The projections of cash flows beyond the plan period are extrapolated using the estimated growth rates shown below. The growth rate does not exceed the average long term growth of the various activities.

Management determines the gross budgeted margin according to past performance and its expectations for market development. The weighted average growth rate used is consistent with the forecasts included in reports of the sector. The discount rates used are post-tax and reflect specific risks related to the relevant segments.

The assumptions which were the basis for Goodwill impairment testing were the following:

	2013	2012
Growth rate of sales	1.85%	1.85%
EBITDA margin	4.0%	4.1%
Inflation rate	2.0%	2.0%
Discount rate after taxes	6.4%	6.2%
Discount rate before taxes	8.1%	8.0%

NOTE 11

Income tax - current and deferred

The Company as from 2003 and forwards and its subsidiaries based in Portugal (Inapa Portugal, Edições Inapa, Inapa Shared Center, Inapa Emabalagem e Europackaging), are taxed on the basis of the Corporate Income Tax (IRC) under the special regime for taxation of corporate groups, comprising companies with a stake equal to or greater than 90% and which meet the conditions laid down in Article 69 and ensuing under the IRC Code. Inapa - IPG as the dominant company, is responsible for calculating the taxable profits of the Group, through the algebraic sum of taxable fiscal profit and loss ascertained in the income statements of each one of the controlled companies belonging to the Group.

The current tax gain or loss is calculated by each subsidiary based on its individual tax situation. Any gain or loss arising from the consolidated tax regime is recognized by the Company as operating reward or defrayal within the fiscal year itself.

The payment of income tax is based on self-assessment statements that are subject to inspection and possible adjustment by the Tax Authority within the next four years. If tax losses are determined, they can be used in the six subsequent years if they have been generated up to 2009 and in the four subsequent years to those generated in 2010 and 2011, and five years for those generated in 2012 and 2013 and forwards and shall be subject to possible adjustment by the Tax Authorities following revisions to be made to statements in the fiscal years they are used.

The Company is subject to IRC (Corporate Income Tax) at the regular rate of 25%, plus 1.5% spread, resulting in an aggregate tax rate of 26.5%. Additionally in 2010 Inapa is subject to a state tax spread rate corresponding to a rate of 2,5%, levied on taxable income that exceed 2 million euros. In 2012 the state tax spread rate is of 3% on taxable income that exceed 1,5 million euros or 5% when superior than 10 million euros. The state tax spread rate is applied to the taxable income before deduction of tax losses.

The value of deferred taxes relating to 31 December 2013 and 31 December 2012 is as follows:

	31 DECEMBER 2013		31 DECEMBER 2012		
	BASE	TAX	BASE	TAX	INCOME OF FISCAL YEAR
Deferred tax asset:					Dr/(Cr)
Fiscal losses	510.0	127.5	510.0	127.5	-
Transitional adjustment					
- intangible assets	221.8	59.0	444.0	117.7	58.7
- financial discount	11.8	3.0	24.0	6.0	3.0
Others	214.2	53.0	45.0	12.0	-41.0
		242.5		**263.2**	
Deferred tax liabilities:					
Adjustment of transition					
- financial discount	42.8	12.2	86.0	22.7	-10.5
Deferred tax of the fiscal year					**10.3**

The deferred taxes were calculated on the tax loss ascertained under the special tax regime for corporate groups. As at 31 December 2013, the amount of unused tax losses of group companies and the limit-years for their use are:

FISCAL YEAR LOSS	VALUE	YEAR LIMIT FOR DEDUCTION
2007	7,692	2013
2008	1,248	2014
2011	706	2015
2012	2,880	2017

The tax on profit before tax differs from the theoretical amount that would result from applying the weighted average rate of income tax on profits as follows:

	2013	2012 RESTATED
Net income on profits before taxes	1,781.0	-5,806.6
Nominal tax rate (26.5%)	-472.0	1,538.7
Tax amount on income	-507.7	-142.0
	-35.7	**-1,680.7**
Equity method effect	904.3	-691.7
Tax losses	-	-803.0
Deferred tax annulment	-	-49.0
Expenses not deductible for tax purposes	-415.9	-
Effect of the taxation on group of companies	-440.9	-
Others	-83.2	-137.0
	-35.7	**-1,680.7**

The taxes booked in the profit and loss account for 2013 and 2012 are detailed as follows:

	2013	2012
Current tax	497.9	36.0
Deferred tax	10.3	106.0
	508.2	**142.0**

NOTE 12

Trade receivables

On 31 December 2013 and 2012, the breakdown of Trade receivables is as follows:

	2013	2012
Clients - group (Note 6.3)	762.0	472.2
Clients - others	-	-
Bad debt clients	-	-
	762.0	**472.2**
Impairment losses	-	-
	762.0	**472.2**

NOTE 13

The state and other public entities

On 31 December 2013 and 2012 there were no debts in arrears vis-à-vis the State and other public entities. The balances with these entities were as follows:

	DEBIT BALANCES		CREDIT BALANCES	
	2013	2012	2013	2012
Tax on Added Value	781.2	649.4	-	-
Tax on Personal Income Collections	432.7	434.1	193.1	104.0
Social Security	-	-	35.6	32.0
Tax on Personal Income Single - withholding tax	-	-	57.0	67.3
	1,213.9	**1,083.5**	**285.8**	**203.3**

NOTE 14

Other receivables

On 31 December 2013 and 2012, the breakdown of the item Other receivable accounts, is as follows:

	2013	2012
Other receivables - noncurrent		
Inapa Deutschland (Note 6)	20,517.0	20,517.0
Fimopriv	16,695.3	16,695.3
Others	347.5	347.5
	37,559.8	33,559.8
Impairment losses	-347.5	-347.5
	37,212.3	**37,212.3**
Other receivables - current		
Income increases		
Bank interest receivable	-	270.4
Amounts to be invoiced	2,763.7	3,530.1
	2,763.7	3,800.5
Others debtors		
Cash advances to personnel	-	-
Group Companies (Note 6)	14,697.4	36,788.9
Cash advances for account of Group companies	-	-
Insurances	-	-
Other debtors	832.1	1,054.4
	15,529.5	37,843.3
Impairment losses	-	-
	18,293.2	**41,643.8**

On 31 December 2013 and 2012, Other non-current receivables include a credit of 16.7 million euros on Fimopriv H S/A resulting from acquisition by this company of equity that Inapa - IPG owned. Inapa - IPG admits, in future, to raise this credit to purchase its stake which Fimopriv H, S/A owns in the capital of Papier Union, GmbH.

The balances of non-current receivables from Inapa Deutschland GmbH bear interest at current market rates.

NOTE 15

Impairments

During the years 2013 and 2012, the recognized asset impairments had the following movements:

	FINANCIAL INVESTMENTS	OTHER RECEIVABLES M/L TERM	OTHER RECEIVABLES SHORT TERM	TOTAL
Balance as at 1 January 2012	**83.0**	**348.8**	**-**	**431.0**
Reinforcement	-	-	-	-
Utilizations	-	-	-	-
Reversals	-	-	-	-
Balance as at 31 December 2012	**83.0**	**348.8**	**-**	**431.0**
Reinforcement	-	-	-	-
Utilizations	-	-	-	-
Reversals	-	-	-	-
Balance as at 31 December 2013	**83.0**	**348.8**	**-**	**431.0**

NOTE 16

Capital, reserves and other items of equity

On 31 December 2013 and 2012, the equity details are as follows:

	2013	2012 RESTATED
Capital	204,176.5	204,176.5
Bonus for issue of shares	451.1	451.1
Legal reserves	7,500.0	7,500.0
Other reserves	225.5	225.5
Profits & Losses Brought Forward	-19,531.6	-18,006.4
Adjustments in financial assets		
- Listed with the equity method	-1,447.1	3,902.5
Net income of the fiscal year	1,273.4	-5,949.0
	192,674.7	**192,300.2**

On 31 December 2013 and 2012, the share capital was represented by 450,980,441 shares, of which 150,000,000 are of ordinary nature with no par value and 300,980,441 preferred shares certificated and bearer without voting rights and no par value. Share capital is fully paid in.

The preferred shares confer the right to a preference 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 preference dividend right, preferred shares confer all the rights attaching to ordinary shares, except the right to vote.

The preferred dividend that is not paid in a fiscal year must be paid within the following three years, before dividends of these, since there are distributable profits. In the case of the priority dividend is not fully paid during two fiscal years, preferred shares are to confer voting rights on the same terms that the ordinary shares and will only lost this right in the year following that in which the dividends have been paid..

Inapa - Investimentos, Participações e Gestão S/A was notified under articles 16 and 248-B of the Securities Code and the CMVM Regulation 5/2008, regarding retention of stake qualified by the following persons, individual or corporate (situation as of December 31, 2013):

• Parpública – Participações Públicas, SGPS, SA: - 49,084,738 shares representing 32.72% of capital stock and voting rights;

• Banco Comercial Português S/A, to whom 27,361,310 shares were to allocate, corresponding to 18.24% of stock and of voting rights (*), and;

• Nova expressão SGPS, SA, to whom 9,035,000 shares were to allocate, corresponding to 6.02% of stock and voting rights (**);

• Tiago Moreira Salgado, to whom 4,500,000 shares were to allocate, corresponding to 3.00% of stock and voting rights (**).

Notes:
(*) The share allocated to Banco Comercial Português S/A is broken down as follows:
- Banco Comercial Português S/A .... 10,869,412 shares corresponding to 7.25% of voting rights;
- Fundo de Pensões do Grupo BCP ...... 16,491,898 shares corresponding to 10.99% of voting rights.

The Company was not notified, under the invoked legal and regulatory provisions, of any alterations to the aforesaid shares or through other holders, who are in charge by granting partnership shares with voting rights equal to or greater than 2% as at December, 31st of 2013.

On 31 December 2013 and 2012, the shareholders with stocks equal to or greater than 2% are summarized as follows:

	2013		2012	
SHAREHOLDER	SHARES	%	SHARES	%
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	49,084,738	32.72%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	16,491,898	10.99%
Banco Comercial Português	10,869,412	7.25%	10,869,412	7.25%
Nova Expressão SGPS, SA	9,035,000	6.02%	7,500,000	5.00%
Tiago Moreira Salgado	4,500,000	3.00%	3,750,000	2.50%

On 31 December 2013, the Company did not own treasury stocks nor were treasury stock transactions verified in this fiscal year.

The bonus for issue of shares correspond to the difference between the face value of Inapa - IPG shares acquired and its fair realization value and cannot be allocated in the form of dividends but may be used to increase share capital or to cover losses. This item is reduced by the expenses incurred by Inapa - IPG totalling 2,486.2 thousand euros, with the capital increase carried out in 2011.

The commercial legislation establishes that at least 5% of the annual net income must be used for reinforcement of the legal reserve until it represents at least 20% of the capital. This reserve is not distributable except in case of liquidation of the Company, but can be used to absorb losses after all other reserves have been exhausted, or incorporated into the capital.

The item Adjustments on financial assets includes transactions in the equity of subsidiaries and associates of Inapa-IPG, following application of the equity method.

At the General Meeting held on April 10, 2013, the 2012 net profit of -6,035,052.0 euros was approved and transferred to profits and losses brought forward. Due to the restatement made, the negative net result for the year 2012 in the amount of 6,035 thousand euros was changed to 5,949 thousand euros.

NOTE 17

Financing obtained

On 31 December 2013 and 2012, loans obtained items are analysed as follows:

	2013	2012 RESTATED
Noncurrent		
Guaranteed bonds (Note 6)	45,256.8	2,516.4
Bank loans	17,459.1	18,062.5
Debts for financial leasings	2,638.5	3,218.9
Group Companies (Note 6)	1,710.7	4,601.9
	67,065.1	28,399.7
Current		
Guaranteed bonds (Note 6)	-	29,731.4
Commercial paper	40,222.1	45,229.0
Overdrafts and bonded accounts	41,038.8	17,619.6
Bank loans	5,986.9	-
Medium and long-term financial instruments (portion maturity within 1 year)	4,276.3	30,907.4
Debts for financial leasings	580.5	576.7
Group Companies (Note 6)	17,962.8	1,739.6
	110,067.4	**125,803.7**
	177,132.5	**154,203.4**

The bond loans account correspond to issue of two bonds made by Inapa – IPG, one in the amount of 42,700 thousand euros with full repayment in June 2018, earning interest at an Euribor rate over 6 months plus a spread rate and the second in the amount of 2,500 thousand euros with full repayment in February 2017, earning interest at the rate of 4.62 percentage points. On 31 December 2013 these bonds were held by Inapa France, SA.

The bank loans item – noncurrent (17,459.1 thousand euros) and current (4,276.3 thousand euros) include three bank loans maturing in 2014.

The loans obtained include 40,600 thousand euros, corresponding to the emissions of commercial paper, vis-à-vis five financial Institutions, refundable by its face value over the period of one year, renewable for a period of five years, except 2,000 thousand euros renewable for two and a half years and 2,650 thousand euros renewable for two years.

The debts to credit institutions, including commercial paper, bear interest at the current market rates.

At the end of fiscal year 2013, the Company also had bank credit lines under contract, not used, in the amount of 180 thousand euros.

On 31 December 2013 and 2012, the maturity of non-current loans is as follows:

	2013	2012
Up to 1 year	-	-
Between 2 and 5 years	67,065.1	28,399.9
Over 5 years	-	-
	67,065.1	**28,399.9**

The Debts for financial leasings correspond to the debt for acquisition of assets under financial leasing, which assets are booked under Investment properties (see Note 8).

On 31 December 2013 and 2012 the debt on financial leases included under the items of Other accounts payable - current and non-current was as follows:

	2013	2012
Debt relating to financial leases		
Investment suppliers - noncurrent	2,638.5	3,218.9
Investment suppliers - current	580.5	576.7
	3,219.0	3,795.6
Debt relating to financial leases		
Value of income - not discounted		
less than 1 year	602.4	601.7
more than 1 year and less than 5 years	2,678.6	3,278.5
more than 5 years	-	-
	3,280.9	**3,880.2**
Financial onus to bear	**-61.9**	**-84.6**
Updated value of debt with leases	**3,219.0**	**3,795.6**

The debt relating to financial leases corresponds to the amount owed to BPI leasing arising from a financial lease contract maturing in 2017.

On 31 December 2013 and 2012, exposure of loans to changes in interest rates pursuant to the contract periods for rate setting are as follows:

	2013	2012
Interest rate setting periods		
Up to 6 months	166,385.6	145,346.0
Between 6 and 12 months	6,525.4	1,739.1
Between 1 and 5 years	4,221.5	7,118.3
Over 5 years	-	-
	177,132.5	**154,203.4**

On 31 December 2013 and 2012, the net financial debt is as follows:

	2013	2012
Loans		
Current	110,067.4	125,803.7
Noncurrent	67,065.1	28,399.7
	177,132.4	**154,203.4**
Cash and bank deposits (Note 5)	150.9	183.9
	176,981.6	**154,019.5**

NOTE 18

Other payables

On December 31, 2013 and 2012, breakdown of the item Other payable accounts, is as follows:

	2013	2012 RESTATED
Other accounts payable - noncurrent		
Investment Suppliers	-	-
Others	1,470.4	-
	1,470.4	-
Other accounts payable - current		
Expenditure increases		
Remunerations payable	322.8	305.0
Charges on financing	-	-
Others	25.7	15.0
	348.5	320.0
Other Creditors		
Investment Suppliers	-	-
Group Companies (Note 6)	3,839.9	1,904.2
Others	150.8	56.0
	3,990.7	**1,960.2**
	4,339.2	**2,280.2**

NOTE 19

Sales, services and other income and gains

On 31 December 2013 and 2012, the item Sales and services rendered essentially consists of services provided to companies belonging to the Inapa Group (Note 6).

In 2013 and 2012, the item Other income and earnings is detailed as follows:

	2013	2012
Other supplementary income	8,274.9	8,401.0
Royalties of Group companies	282.8	324.5
Revenues	666.3	744.0
Others	1,073.8	439.4
	10,297.8	**9,909.2**

The item Other supplementary income consists mainly of additional income earned by the Company with the intervention in negotiation processes involving the Inapa Group. Of this amount, approximately 2,764 thousand euros (2012: 3,530 thousand euros) are booked under Other accounts receivable (Note 14).

NOTE 20

External supplies and services

In the fiscal years 2013 and 2012, the breakdown of expenses on external supplies and services is as follows:

	2013	2012
Specialized works	811.9	696.9
Rents income	150.6	151.8
Travel and overnight	79.5	104.5
Communication	27.1	23.4
Insurances	66.6	62.2
Marketing	990.2	1,222.0
Others	160.9	159.1
	2,286.8	**2,419.9**

NOTE 21

Personnel expenses

In 2013 and 2012, the balances under the heading Personnel Expenses are analysed as follows:

	2013	2012
Payrolls	1,938.1	2,006.3
Contributions to Social Security	269.4	256.5
Other costs on personnel	97.5	147.3
	2,305.0	**2,410.1**

During the fiscal year, the Company had on average 19 employees (2012: 19 employees) working for it.

NOTE 22

Other expenses and losses

Breakdown of the item Other expenses and losses for years 2013 and 2012 is shown in the following table:

	2013	2012
Taxes	118.6	121.8
Contributions	9.1	10.8
Donations	-	5.0
Losses of previous fiscal years	282.4	40.3
Others	41.1	47.0
	451.2	**224.9**

NOTE 23

Expenses/reversal of depreciation and amortization

In 2013 and 2012, the balances of this item are analysed as follows:

	2013	2012
Tangible fixed assets	5.8	5.7
Intangible assets	16.9	21.7
Investment properties	563.8	563.9
	586.5	**591.3**

NOTE 24

Financial income and expenditures

The breakdown of financial income and expenses for fiscal years 2013 and 2012 is as follows:

	2013	2012
Financial Income		
Interest obtained	1,649.8	1,680.4
Favourable Forex Differences	104.6	-
Other earnings	-	-
	1,754.4	**1,680.4**
Financial Expenses		
Interest incurred	-6,713.0	-6,914.8
Unfavourable Forex Differences	-0.8	-38.8
Stamp Duty	-448.1	-399.1
Other financial costs and expenses	-2,065.2	-2,529.2
	-9,227.0	**-9,881.8**
	-7,472.6	**-8,201.4**

NOTE 25

Earnings per share

The basic earnings per share is calculated from the net profit and loss for the year distributable to Inapa-IPG shareholders and the weighted average number of ordinary shares in circulation, as follows:

	2013	2012 RESTATED
Net profit and loss for the period - in euros	1,273,356	-5,949,000
Weighted average number of ordinary shares	450,980,441	450,980,441
Basic earning per share - in euros	0.003	-0.013

At the net profit / loss is deducted the preferred dividend, whether it be positive or negative, being applied the same rules in determining the amounts to be considered in the calculation of earnings per share.

	2013	2012 RESTATED
Net profit/ (loss) for the year - in euros	1,273,356	-5,949,052
-Preferred dividends declared - in euros	-541,765	-
	731,591	**-5,949,052**
Participation of preferred shares in Net profit/(loss) for the year after preferred dividends - in euros	-488,258	3,970,356
Net profit/(loss) for the year to be charged to ordinary shares - in euros	243,334	-1,978,706
Nº of ordinary shares	150,000,000	150,000,000
Basic earnings per share - in euros	0.002	-0.013

NOTE 26

Contingent liabilities and contingent assets

Contingent liabilities

On 1 August 2007, Papelaria Fernandes – Indústria e Comércio, SA filed against Inapa – Investimentos, Participações e Gestão, SA and its subsidiaries Inaprest – Prestação de Serviços, Participações e Gestão, SA (extinct) and Inapa Portugal – Distribuição de Papel, SA a lawsuit whereby the pleading reads, in short:

- the annulment of the following acts:

  - constitution in June 2006 of a commercial pledge to counter-guarantee letters of comfort issued by Inapa - Investimentos, Participações e Gestão, as security for loans held by that company from Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;

  - business conducted in 1991 of concentrated activities in the distribution of paper at SDP (now Inapa Portugal) and the production and marketing of envelopes at Papelaria Fernandes;

  - acquisition of shares in 1994 held by Papelaria Fernandes in SDP (now Inapa Portugal);

  - compensation of credits carried out, also in 1994 between Papelaria Fernandes and Inaprest.

  - conviction of Inapa:

  - to maintain the comfort letters issued in favor of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;

  - to indemnity Papelaria Fernandes in case of any mobilization of the commercial pledge as a counter-guarantee for the letters of comfort.

Papelaria Fernandes - Indústria e Comércio S/A later came to settle their liabilities toward Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo and therefore:

- the letters of comfort issued by Inapa - IPG are no longer applicable, having been returned by their beneficiaries;
- this Company consequently notified Papelaria Fernandes – Indústria e Comércio SA to verify the resolutive condition of the commercial pledge made by it in favor of this Company.

The lawsuit, which was assigned a value of 24,460 thousand euros, was challenged by Inapa - IPG and by its subsidiary Inapa Portugal – Distribuição de Papel, SA, is currently awaiting the Court to determine the effects on the dissolution or liquidation action of Inaprest – Prestação de Serviços, Participações e Gestão, SA. The Inapa Group believes that the aforesaid process should not result in significant charges and no provision has been made.

Liabilities for bank guarantees

The Company has provided several bank guarantees through several financial institutions, totalling 117,500 thousand euros, in favour of Inapa France, SAS (6.5 million) and for the purpose of issuing commercial paper (113 million euros). Additionally, we provided a bank guarantee of an operational nature and in favour of third parties amounting to 1,000 thousand euros.

NOTE 27

Fees for services provided by the chartered accountant

In the fiscal years ended on 31 December 2013 and in 2012, the amounts incurred, in euros, for services rendered by the chartered accountant to Inapa - IPG are as follows:

	2013	2012
Legal Review Services of Accounts and auditing	58,950	67,609
Chartered accountant fiscal consulting services	7,500	6,500
Other services	-	1,500
	66,450	**75,609**

NOTE 28

Events after the balance sheet date

As of publication no subsequent events were recorded.

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Individual Financial Information

Audit Report for Statutory and Stock Exchange Regulatory Purposes on the Individual Financial Information

(Free translation from the original in Portuguese)

Introduction

1 As required by law, we present the Audit Report for Statutory and Stock Exchange Regulatory Purposes on the financial information included in the Directors' Report and in the attached financial statements of Inapa – Investimentos, Participações e Gestão, SA, comprising the balance sheet as at December 31, 2013 (which shows total assets of Euro 375,965 thousand and total shareholder's equity of Euro 192,648 thousand, including a net profit of Euro 1,273 thousand), the income statement, the statement of changes in shareholders equity, the cash flow statement for the year then ended and the corresponding notes to the accounts.

Responsibilities

2 It is the responsibility of the Company's Board of Directors (i) to prepare the Directors' Report and the financial statements which present fairly, in all material respects, the financial position of the Company, the results of its operations, the changes in equity and the cash flows; (ii) to prepare historic financial information in accordance with generally accepted accounting principles in Portugal and which is complete, true, up to date, clear, objective and lawful, as required by the Portuguese Securities Market Code; (iii) to adopt appropriate accounting policies and criteria; (iv) to maintain an appropriate system of internal control; and (v) to disclose any significant matters which have influenced the activity, financial position or results of the Company.

3 Our responsibility is to verify the financial information included in the financial statements referred to above, namely as to whether it is complete, true, up to date, clear, objective and lawful, as required by the Portuguese Securities Market Code, for the purpose of issuing an independent and professional report based on our audit.

Scope

4 We conducted our audit in accordance with the Standards and Technical Recommendations issued by the Institute of Statutory Auditors which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Accordingly, our audit included: (i) verification, on a sample basis, of the evidence supporting the amounts and disclosures in the financial statements, and assessing the reasonableness of the estimates, based on the judgements and criteria of the Board of Directors used in the preparation of the financial statements; (ii) assessing the appropriateness of the accounting principles used and their disclosure, as applicable; (iii) assessing the applicability of the going concern basis of accounting; (iv) assessing the overall presentation of the financial statements; and (v) assessing the completeness, truthfulness, accuracy, clarity, objectivity and lawfulness of the financial information.

5 Our audit also covered the verification that the information included in the Directors' Report is consistent with the financial statements, as well as the verification set forth in paragraphs 4 and 5 of Article 451º of the Companies Code.

6 We believe that our audit provides a reasonable basis for our opinion.

Opinion

7 In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Inapa – Investimentos, Participações e Gestão, SA as at December 31, 2013, the results of its operations, the changes in equity and the cash flows for the year then ended in accordance with generally accepted accounting principles in Portugal and the information included is complete, true, up to date, clear, objective and lawful.

Report on other legal requirements

8 It is also our opinion that the information included in the Directors' Report is consistent with the financial statements for the year and that the Corporate Governance Report includes the information required under Article 245º-A of the Portuguese Securities Market Code.

March 19, 2014

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Registered in the Comissão do Mercado de Valores Mobiliários with no. 9077
represented by:

José Pereira Alves, R.O.C.

Report and Opinion of the Audit Committee of the Board of Directors

Shareholders,

In conformance with the provisions of sub-paragraph g) of paragraph 1 of Article 423-F of the “Código das Sociedades Comerciais” (the Portuguese Companies Act) and the Article 22 of the company bylaws, the Audit Committee of the Board of Directors of INAPA – Investimentos, Participações e Gestão, SA hereby presents its annual report on its auditing activities and its assessment of the Directors Report and the individual and consolidated financial statements, relating to the financial year ended on December 31, 2013, as well as the proposal on the distribution of earnings, presented by the Board of Directors.

Activities undertaken by the Audit Committee

Despite of two current members of the Audit Committee have begun his mandate only in May, the present report covers the activities of the Commission in the entire year of 2013.

In the exercise of the competences and legal, statutory and regulatory responsibilities that it is committed to, in 2013 the Audit Committee regularly monitored the evolution of the Company’s business - and its subsidiaries in Portugal and abroad - and its management, particularly through the participation of its members in meetings of the Board of Directors, specific meetings and contacts with the Executive Committee and through the verification of the minutes of its meetings, the systematic analysis of operational and financial information periodically available and also through the contacts it considered appropriate with the various responsible for the group, the Chartered Accountant and the External Auditor.

The supervisory activity undertaken aimed to verify:

- that the action of the administration is guided always by the defense of the company’s interests, the law and the bylaws;
- the accuracy of the accounts and books, accounting records and supporting documents and materials;
- that the adopted accounting policies and valuation criteria lead to a correct assessment of the assets and earnings;
- the effectiveness of the systems of risk management and internal control.

The Audit Committee has analysed the major executive decisions related with investments in companies, financing and cost rationalization, not having occurred transactions that, under the Rules of the Company’s business with related parties, demanded the issuance of specific opinion by the Commission.

Also did not reach to the knowledge of the Audit Committee the occurrence of significant irregularities, in any way notified or raised by shareholders, company employees or others under its rules of society on the subject.

In what concerns the accounting policies, regularity of the registration books and reporting, the Audit Committee has regularly monitored the preparation and analysis of periodical financial information – quarterly, semi-annual and annual - published pursuant to law, and for this reason, whether individually or collectively, its members held meetings and established contacts considered appropriate with both the executive directors and the heads of the departments involved, as well as with the Chartered Accountant and External Auditor.

The Committee proceeded, in particular, with the supervision of the work performed by the Chartered Accountant and the External Auditor in the examination of the accounts, in its various stages from planning to the issuance of an opinion, and confirmed the independence of the Chartered Accountant.

In this context the Committee analysed and specifically assessed the rendering of services other than the auditing, including tax advisory services, albeit of limited extent, by the network to which the Chartered Accountant belongs, including the objectives, the specific conditions under which services were provided and the safeguards adopted, as well as in terms of the reasonableness of the level of the respective fees, terms considered appropriate to preserve the independence of the Auditor.

The Committee also paid special attention to the analysis of the main risks and of the efficacy of the respective management and internal monitoring systems.

In particular, and taking into consideration the particular relevance of the level of indebtedness of the Company, the Audit Committee has discussed with the Financial Management the main risks associated with debt management and control procedures in place.

In the same direction, the Audit Committee has continued to monitor the development and extension to the various operating companies of the Group, of common computing platforms for sustaining the operations, particularly the ISI system, which presents considerable potential for strengthening of existing internal control mechanisms.

The Audit Committee maintained a close and regular monitoring of progress of the work on formalization of systematic data and important elements that compose the systems of risk management and internal control of Inapa IPG and societies that integrate the Group.

In the same context, the Audit Committee deserved special attention of the development of the internal audit function within the Company and the Group, through monitoring of the work of systematization of its status and the internal audit manual, and the planning and implementation of activities.

During the year of 2013, in addition to its members having participated in all meetings of the Board of Directors within the scope of its responsibilities and powers, the Audit Committee held fourteen (14) meetings and performed other measures it deemed necessary and appropriate.

Under the monitoring of the business and activity of its subsidiaries, the Audit Committee conducted a working visit to Inapa Portugal, aiming at a better knowledge of the organization, business and operating conditions of the subsidiary.

The Audit Committee continued to follow the main changes in the regulatory framework applicable to the Company and its supervisory action and in order to constantly improve the conditions of their own functioning and performance, adopted for implementation from 2014 onwards the benchmark of best practices in matters of corporate governance, embodied in “annual agenda for effective supervision”.

In the exercising of its auditing activities, from which the corresponding minutes were drawn up, the Audit Committee has always counted on the availability and collaboration of the Executive Board and the company’s services, as well as the Chartered Accountant and External Auditor.

In the course of its action, the Audit Committee has not come across any constraints worth noting

Declaration of conformance

In conformance with the provisions of nr. 1, sub-paragraph c) of Article 245 of CVM (the Securities Code), the members of the Audit Committee 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 Directors Report, in the annual accounts, in the Legal Certification of Accounts and in all other documents for the rendering of individual and consolidated accounts, required by law or regulations, with regards to December 31st 2013, was issued in accordance with applicable accounting standards, thereby giving a truthful and appropriate view of the assets and liabilities, the financial situation and the earnings of the company and the companies included within consolidated statements, and that the Directors Report faithfully represents the growth of the company’s business, the performance and the standing of the company and the companies included in consolidated statements, including a description of the main risks and uncertainties affecting the companies.

In conformance with the provisions of nrs. 5 and 6 of Article 420 of the Commercial Companies Act, in order to fulfil the provisions of nr. 2 of Article 423-F of the same code, the Audit Committee hereby declares that:

- The report on the structure and practices of the company's corporate governance, which follows the CMVM model and constitutes a specific chapter of the Directors Report, includes the elements referred in article 245-A CVM (the Securities Code);

- It agrees with the above mentioned Directors Report and annual accounts.

Opinion regarding reports and accounts

The Audit Committee examined the Directors Report and the individual and consolidated financial statements relating to the financial year ending on December 31st 2013 (which include balance sheet, separate income statements, statements of comprehensive income, cash flow statements and those regarding changes in shareholder's equity, as well as the respective notes to the accounts), documents with which it agrees.

The individual statements were drafted in accordance with the accounting principles generally accepted in Portugal (namely SNC) and the consolidated statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

The Audit Committee examined the legal Certificates for the Accounts and Audit Reports regarding the individual and consolidated financial information issued in March 19th 2014 by the company's Chartered Accountant and External Auditor, documents with which it is in agreement.

In view of the above mentioned points and the activities performed, the Audit Committee is of the opinion that the Directors Report and the individual and consolidated financial statements, relating to the financial year of 2013, as well as the proposal for the distribution of earnings contained in the Management Report, are in accordance with applicable laws and regulations, due to which they are worthy of approval at the Shareholders Meeting.

Lisbon, March 19th 2014

The Audit Committee

Emídio de Jesus Maria
Board Member and Chairman of the Audit Committee

João Miguel Pacheco de Sales Luís
Board Member and member of the Audit Committee

Gonçalo Cruz Faria de Carvalho
Board Member and member of the Audit Committee

WE ASSUME RESPONSIBLE COMMITMENTS TO ACHIEVE CONSISTENT RESULTS

Visual Communication

Visual Communication is a very dynamic business segment with constant technological innovations. The development of digital printing has been the changing driver that boosted the growth in this industry.

STRONGER MARKET POSITION

(Germany and Portugal)

- Leading position in the German market
- Acquisition of Crediforma in Portugal

CORPORATE GOVERNANCE REPORT

Introduction

This Corporate Governance report was prepared in accordance with the Regulation of CMVM n.º 4/2014 from July 18.

The reports follows the structure of Annex I of the previously mentioned CMVM Regulation.

Compliance Statement

0.1.

The CMVM text of the corporate governance code to which the issuer is subject (CGS CMVM 2013) are transcript in this report.

The text of the governance reports referring to this company are available at:

- The Company's Head Office, in Rua Braamcamp, n.º 40 – 9.º D, in Lisbon - Portugal;
- The company's corporate website: - www.inapa.pt;
- The website of Comissão do Mercado de Valores Mobiliários (CMVM): www.cmvm.pt;

The company hereby informs that this Report will be available for consultation at all of the aforementioned locations and may be obtained separately or as an Addendum to the Annual Report and Accounts of the Company, of which it is an integral part.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
I. VOTING AND CORPORATE CONTROL		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Yes	12
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Yes	14
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Yes	1
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Not applicable (the Company' Bylaws do not provide for any restriction of this nature)	13
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Yes	1 2 4 5 6 83 84
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1. SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Yes	16 21
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Yes	21
II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable (the company does not have a General and Supervisory Board)	15

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	Yes (given the size of the Company, of its Board of Directors, and of the duties performed by its Audit Committee, it was considered that the appointment of any of the indicated committees is not necessary)	27
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Yes	50 52 53 54 55
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	Yes	18
II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the company or at a company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c. Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.	Yes (three out of five non-executive Directors are independent)	18
II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.	Yes	21
II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Yes	21

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	Not applicable (The Chairman of the Board of Directors does not have any executive functions)	18
II.2. SUPERVISION		
II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Yes	18 19 33
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Yes	21
II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Yes	21
II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Yes	21 50
II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	Yes	21 49 51
II.3. REMUNERATION SETTING		
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Yes	67 68
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Yes	69
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:		69 73 74
a. Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;	Yes	75 76
b. Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;	Not applicable (variable remuneration is exceptionally suspended)	80 83 84
c. Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	Yes	

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	Not applicable	85
II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	Not applicable	76
III. REMUNERATION		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.	Yes	70
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	Yes	70
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Not applicable	69 70
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Not applicable	69 70
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	Not applicable	69 70
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	Not applicable (shares held by executive Directors were not attributed by the Company as a result of variable remuneration)	73
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	Not applicable	73
III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	No	83
IV. AUDITING		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	Yes	46 50
The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the company.	Yes	41 46 47

RECOMMENDATION / CHAPTER		COMPLIANCE	REMISSION IN THE REPORT
	Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Yes	40 43 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS			
V.1.	The company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Yes	10 89
V.2.	The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.	Yes	89
VI. INFORMATION			
VI.1.	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	Yes	56
VI.2.	Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	Yes	56 58

Part I - Information on Shareholder Structure, Organisation and Corporate Governance

A. Shareholder structure

I. Capital structure

1.

The capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Article 245-A/1/a)).

The share capital of the Company is represented by 150,000,000 ordinary shares with no face value and a €1 emission value and 300,980,441 preferred shares with no voting right, no face value and €0.18 emission value.

All shares are listed in the Euronext Stock Exchange and give their respective owners the same right to participate on the results of the company, being considered that the preferred shares, due to its nature, have a dividend preference corresponding to 5% of their emission value, being the remaining dividend distributed in the proportion of ordinary and preferred shares owners.

All ordinary shares qualify for the same voting rights – 1 vote per share.

The Company has not established any mechanism that has the effect of undermining the free transferability of shares, free appraisal by the shareholders of the performance of members of the governing body or cause mismatch between the right to receive dividends or to subscribe for new securities and the right to vote for each ordinary share.

2.

Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A/1/b)).

There are no restrictions to the free transfer of ownership of the shares other than the ones arising from the applicable law (namely the obligation to launch a public tender offering when the shareholder ownership exceeds 1/3 or 1/2 of the total voting rights).

3.

Number of own shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to own shares (Article 245-A/1/a)).

The company does not hold any own share.

4.

Important agreements to which the company is a party and that come into effect, amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, the disclosure thereof would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said information pursuant to other legal requirements (Article 245-A/1/j).

The Company is not a party to any agreement that will come into force, be amended or terminate in the event of a mere change in the Company's controlling shareholder.

It is not included, on what was previously mentioned, any dispositions medium / long term financing established with the banking system, in obedience to certain clauses typified amendment or termination of contracts provisions, whenever a new shareholder structure may not offer the same guarantees the solvency of the company.

5.

A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

The company has not adopted any measure of this nature.

6.

Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Article 245-A/1/g).

The company is not aware of any agreements signed by its shareholders.

II. Shareholdings and Bonds held

7.

Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Article 245-A/1/c) & /d) and Article 16) with details of the percentage of capital and votes attributed and the source and causes of the attribution.

The shareholders with qualifying holding on 31 December 2013 were:

	NUMBER OF ORDINARY SHARES	VOTING RIGHTS	PERCENTAGE OF VOTING RIGHTS
Parpública - Participações Públicas SGPS, SA	49,084,738	32.72%	32.72%
Participação imputável ao Millennium BCP (art. 20º do CVM)	27,361,310	18.24%	18.24%
Fundo de Pensões do Grupo BCP	16,491,898	10.99%	10.99%
Banco Comercial Português SA	10,869,412	7.25%	7.25%
Nova Expressão SGPS, SA	9,035,000	6.02%	6.02%
Tiago Moreira Salgado	4,500,000	3.00%	3.00%
Total qualifying holdings	**89,981,048**	**59.99%**	**59.99%**

The shares from "Fundo de Pensões do Grupo BCP" have been allocated to Banco Comercial Português, SA in accordance with article 16 of CVM and the opinion on generic allocation of voting rights to pension Funds from CMVM on May 25, 2006, as stated in the statement of Banco Comercial Português, SA which was the object of a notice issued by the company on February 25, 2008.

8.

A list of the number of shares and bonds held by members of the management and supervisory boards. [NOTE: the information should be provided so that Article 447/5 CCC is complied with]

	NUMBER OF ORDINARY SHARES	NUMBER OF PREFERRED SHARES	NUMBER OF BONDS
Álvaro João Duarte Pinto Correia	0	0	0
José Manuel Félix Morgado	563,631	0	0
Emídio de Jesus Maria	0	0	0
Arndt Jost Michael Klippgen	0	0	0
António José Gomes da Silva Albuquerque	0	0	0
Jorge Manuel Viana de Azevedo Pinto Bravo	0	0	0
João Miguel Pacheco de Sales Luís	0	0	0
Gonçalo Cruz Faria de Carvalho	0	0	0

9.

Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Article 245-A/1/i) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned.

By deliberation of the General Meeting of April 6 2011, the Board of Directors is entitled to resolve on a share capital increase up to a maximum of € 225,000,000.00, having changed number 1 article 7 of the company' bylaws, which now states that "The Board of Directors may increase the share capital one or more times, by means of cash payments, up to a maximum of € 225,000,000.00 (two hundred and twenty five million Euros), through preferred shares with no voting right and a priority dividend of 5% of subscription value, with a subscription reserve to current shareholders."

Under this authorization, the share capital of the company has been increased from € 150,000,000.00 to € 204,176,479.38, through the issuance of 300,980,441 shares.

The Board of Directors is entitled to resolve up to the maximum legal term – 5 years from the authorization – on a share capital increase up to € 20,823,520.62, through the emission of preferred shares with no voting right and a priority dividend of 5% of subscription value, with a subscription reserve to current shareholders and realized by means of cash payments.

10.

Information on any significant business relationships between the holders of qualifying holdings and the company.

No business or transactions, out of normal market conditions, were entered into by the Company and owners of qualifying holdings or entity relationships with the former, as envisaged in Article 20 of the CVM (Securities Code).

The transactions with related entities are described on note 35 of the consolidated financial statements.

B. Corporate boards and committees

I. General meeting

a) Composition of the Presiding Board of the General Meeting (throughout the said year).

11.

Details and position of the members of the Presiding Board of the General Meeting and respective term of office (beginning and end).

At present, the Board of the General Meeting of Shareholders is composed by the following members:

- Chairman – João Vieira de Almeida
- Secretary – Sofia Barata

The composition of the Board of the General Meeting of Shareholders remained unchanged with the election of the Governing Bodies in the General Meeting of May 7 2013.

Besides the support of the secretary, the Chairman of the Board of the General Meeting also has the support of the company's secretary as well as its administrative services that are deemed adequate and sufficient for the right performance of his duties.

b) Exercising the right to vote

12.

Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A/1/f);

The Company's Articles of Association does not stipulate any restriction to voting rights, namely restrictions after a certain number of shares, bellowing to one shareholder or related shareholders, is reached. (*)

Paragraph 1 of Article 23-C CVM (Securities Exchange Commission) stipulates, as written in Decree-Law 49/2010 of May 19, that "Shareholders may participate and exercise their voting rights at meetings of the General Meeting provided they hold shares, at 0 hours (GMT) of the fifth business day prior to the date of the meeting (registration date), that entitle them, according to the law and the Company's Articles of Associations, to at least one vote".

Statutory regulations on the exercise of voting by post are set out in the provisions of paragraph 2 of Article 13 of the company's bylaws which respectively stipulate that:

"Shareholders may exercise their voting rights by post. To do so, they should address a registered letter with recorded delivery to the Chairman of the Board of the General Meeting at least three working days prior to the date of the session of the General Meeting in question."

The company's bylaws do not contemplate any rules relatively to systems to detach equity rights.

Note (*) – In 2011, the company issued 300,980,441 preferred shares, which due to its nature do not have a voting right.

13.

Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1.

The Company's Articles of Association does not stipulate any restrictions on the counting of voting rights of ordinary shares above a certain number, when such votes are exercised by a single shareholder or by shareholders associated with the shareholder in question.

14.

Details of shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority, in addition to those legally provided, and details of said majority.

The Company's Articles of Association do not impose any qualified majority, in addition to those legally provided:

- The General Meeting shall decide at first call about changes in the Articles of Association, mergers, asset split, dissolution and other issues that require a qualified majority, whenever a number of shareholders or their representatives, whose holdings represent at least 1/3 of share capital are in attendance; on a second call the General Meeting can decide independently of the represented share capital (Article 383, paragraphs 2 and 3 of the Companies Act);

- The resolutions mentioned on the previous paragraph need to be approved by 2/3 of the votes, in first or second call; in the case of second call, if at least half of the share capital is represented, the resolutions can be approved by simple majority.

II. Management and supervision (Board of Directors, Executive Board and the General and Supervisory Board)

a) Composition (throughout the said year)

15.

Details of corporate governance model adopted.

Pursuant to a resolution of the General Meeting of Shareholders of May 31, 2007, the Company adopted the governance model set out in the provisions of sub-paragraph b) of paragraph 1 of Article 278 of the CSC (Companies Act) as its statutory administration and supervisory structure, comprising a Board of Directors, an Audit Committee and a Chartered Accountant and Auditor.

In the Board of Directors Meeting of May 14, 2013, it was designated a vice-chairman of the Board of Directors, who can substitute the Chairman in his absence, it was approved the Board of Directors regulation and it was created an Executive Committee, to which the daily management of the company was delegated.

16.

Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable. (Article 245-A/1/h).

In conformity with provision of paragraph 1 of Article 18 of the company's bylaws, the Board of Directors should be composed by 5 to 12 members, elected on the General Meeting.

Paragraph 2 of the same article states that "The shareholders who vote against a motion to elect the Directors have the right to appoint one Director, as long as this minority represents at least 10% of the share capital".

Paragraph 3 of the same article states that the Director designated by the minority will automatically substitute the less voted person, or in case of equal votes, the person on the last position of the same list.

In conformity with the provisions of paragraph 7 of Article 18 of its Bylaws, "If the Board of Directors is composed of fewer members than the maximum set forth in item 1 of this article and it deems it necessary for the management of the company business to increase the number of Directors, it may appoint two new members prior to the next scheduled annual General Meeting...; The first annual General Meeting to be held after such appointment will either confirm or reject the advice of the Board of Directors with regard to the number of Directors. If the instruction is confirmed, the appointment of the new members will be ratified."

Paragraphs 8 and 9 of article 19 establish that "if a Director fails to attend more than two meetings of the Board of Directors in a calendar year without good reason accepted by the latter, this will be considered definitive absence of the Director in question" and "The Board of Directors will elect replacements for any members deemed definitively absent, dismissed under the terms of the law, or who resign their post. Any replacements thus made will remain in force until the end of the term to which the members of the Board of Directors who made the selection were elected, unless the selection is not ratified by the first subsequent General Meeting. Replacements must be submitted to the General Meeting for approval, as stipulated by Article 393(4) of the Company Code."

Lastly paragraph 5 of article 18 of the Bylaws states that "The Board of Directors may delegate the day-to-day management of the company to one or more Directors or an Executive Committee".

17.

Composition of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member.

According to the Bylaws, the Board of Directors is composed by five to twelve members, elected by the General Meeting, for periods of 3 years renewable, being able to delegate the daily management of the company to an Executive Committee.

In the use of this prerogative, the Board of Directors decided on May 14 2013 to delegate the daily management to an Executive Committee, being the composition of the two entities the following:

	BOARD OF DIRECTORS AND FUNCTION	EXECUTIVE COMMITTEE AND FUNCTION	DATE OF FIRST APPOINTMENT	END OF TERM OF OFFICE
Álvaro João Duarte Pinto Correia	Chairman		11.05.2010	31.12.2015
José Manuel Félix Morgado	Vice-Chairman	Chairman	15.02.2007	31.12.2015
Emídio de Jesus Maria	Member		09.04.2008	31.12.2015
Arndt Jost Michael Klippgen	Member		31.05.2007	31.12.2015
António José Gomes da Silva Albuquerque	Member	Member	11.05.2010	31.12.2015
Jorge Manuel Viana de Azevedo Pinto Bravo	Member	Member	11.05.2010	31.12.2015
João Miguel Pacheco de Sales Luís	Member		07.05.2013	31.12.2015
Gonçalo Cruz Faria de Carvalho	Member		07.05.2013	31.12.2015

18.

Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent, or, where applicable, details of independent members of the General and Supervisory Board.

The independence criteria that served as a basis to the evaluation of the function of the Directors were the provisions set out in the Companies Act – Articles 414.

	NON-EXECUTIVE	INDEPENDENT
Álvaro João Duarte Pinto Correia	Yes	Yes
José Manuel Félix Morgado	No	-
Emídio de Jesus Maria	Yes	Yes
Arndt Jost Michael Klippgen	Yes	No
António José Gomes da Silva Albuquerque	No	-
Jorge Manuel Viana de Azevedo Pinto Bravo	No	-
João Miguel Pacheco de Sales Luís	Yes	No
Gonçalo Cruz Faria de Carvalho	Yes	Yes


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19.

Professional qualifications and other relevant curricular information of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

Álvaro João Duarte Pinto Correia

Academic qualifications

- Degree in Engineering by Instituto Superior Técnico (Superior Technical Institute)
- Associate Professor in Instituto Superior Técnico (Superior Technical Institute)
- Professor in Academia Militar (Military Academy)

Professional qualifications

- Chairman of the Board of Directors of Tagusgás – Empresa de Gás do Vale do Tejo, SA (from 06.02.1997 to 30.05.2008)
- Director of SHCB – Sociedade Hidroeléctrica de Cabora Bassa (from 27.11.2007 to 12.04.2010)
- Chairman of the Board of Directors of Sofid – Sociedade para o Financiamento do Desenvolvimento – Instituição Financeira de Crédito, SA (from 04.04.2008 to 12.05.2010)
- Chairman of the Supervisory Board of UCCLA – União das Cidades Capitais Luso-Afro-Américo-Asiáticas (since 16.02.1989)
- Chairman of the Supervisory Committee of Instituto de Seguros de Portugal (Portuguese Insurance Institute) (since 19.12.2004)
- Chairman of the Board of Directors of Fundação Cidade de Lisboa (since 01.07.2000)
- Chairman of the General Board of Nersant – Associação Empresarial da Região de Santarém (since 17.07.2000)
- Coordinator of the Business Committee of Angola's Debt Negotiation (since 07.02.2003)
- Coordinator of the Project Team for the follow-up of the study and implementation of the New Lisbon Airport, and coordination with the privatization of ANA, SA (since 12.12.2006)
- Chairman of the Remuneration Committee of PT – Portugal Telecom, SGPS, SA (since 22.06.2007)
- Chairman of the Supervisory Board of CPF – Centro Português de Fundações (since 24.03.2010)
- Member of the Remuneration Committee of Banco Espírito Santo, S.A. (since 22.03.2012)
- Member of the Remuneration Committee of EDP – Energias de Portugal (since 17.04.2012)

José Manuel Félix Morgado

Academic qualifications

- Degree in Business Economics and Administration by Universidade Católica Portuguesa
- Specialization in Asset and Liabilities Management with INSEAD

Professional qualifications

- Managing Director of Seguros e Pensões (BCP), Ocidental Vida, Ocidental Seguros, Médis, Império Bonança, Companhia de Seguros
- de Macau and Pensõesgere (from 1993 to 2005)
- President of Imperio Vida y Diversos (from 1993 to 2008)
- Managing Director of ONI – SGPS, SA (from 2005 to 2006)
- Vice-Chairman of the Board of Directors (since 17.05.2010) and Chairman of the Executive Committee of Inapa – Investimentos, Participações e Gestão, SA (since 15.02.2007)
- Vice-Chairman of the Board of Directors of Gestmin – SGPS (since 2012)
- Chairman of Eugropa - European Paper Merchants Association (since 2013)
- Chairman of the Board of Directors/Management of the subsidiary companies of Inapa Group:
  - Gestinapa – Sociedade Gestora de Participações Sociais, SA
  - Inapa Portugal Distribuição de Papel, SA
  - Inapa Deutschland, GmbH
  - Papier Union, GmbH
  - Inapa France, SAS
  - Inapa España Distribución de Papel, SA
  - Inapa Suisse, SA
  - Inapa Belgium, SA
  - Inapa Luxemburg, SA
  - Logistipack, SA
  - Inapa Merchants Holding, Ltd
  - Europackaging – SGPS, Lda
  - Inapa Embalagem, Lda
  - Da Hora – Artigos de Embalagem, Lda
  - Tradembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, SA
  - Korda Kagit Pazarlama Ve Ticaret Anonim Şirketi

Emídio de Jesus Maria

Academic qualifications

- Degree in Business Economics and Administration by Instituto Superior de Economia de Lisboa
- Chartered Accountant (registered in the respective Association)
- Chartered Accountant and Auditor (registered in the respective Association, having voluntarily suspended such duties for the time being)

Professional qualifications

- Member of the Supervisory Board of Santander Totta Seguros – Companhia de Seguros de Vida, SA (from 2009 to 2012)
- Chartered Accountant and Auditor and independent Consultant (from 1990 to 2008)
- Chairman of the Monitoring Committee of the Work Accidents Fund (from 2001 to 2006)
- Member and Chairman of the Audit Committee of the EIB – European Investment Bank – Luxembourg (from 1996 to 2003)
- Inspector of Finance in IGF – technical career and manager until Assistant Inspector-General (from 1980 to 2003)

Arndt Jost Michael Klippgen

Academic qualifications

- Diplom-Kaufmann academic degree from the University of Hamburg

Professional qualifications

- Director of the Foundation Hamburgische Kultustiftung (since 2012)
- Investment Committee member of the Foundation Bürgerstiftung Hamburg (since2013)
- General Manager of the following subsidiary companies of Inapa Group (until September 2013):
  - Papier Union, GmbH
  - Inapa Deutschland, GmbH
  - PMF – Print Media Factoring, GmbH
  - Inapa Packaging, GmbH
  - Inapa VisCom, GmbH

António José Gomes da Silva Albuquerque

Academic qualifications

- Degree in Finance Administration from Instituto Superior de Ciências Económicas e Financeiras (current ISEG)

Professional qualifications

- Director of Parpública – Participações Públicas, SGPS, SA (from 2004 to 2010)
- Director and President of Sagesecur, SGPS, SA (from 2004 to 2010)
- Director of Capitalpor, SGPS, SA (from 2008 to 2010)
- General Manager of the following subsidiary companies of Inapa Group:
  - Europackaging – SGPS, Lda
  - Inapa Shared Center, Lda

Jorge Manuel Viana de Azevedo Pinto Bravo

Academic qualifications

- Bachelor's Degree in Engineering from Instituto Superior de Engenharia de Lisboa
- Post-graduation in Management and Marketing with Stockley Park Management Center

Professional qualifications

- Partner-in-charge Risk Advisory Service in KPMG Portugal (1998 to 2005)
- Vice-Chairman of the Board of Directors of Reditus Gestão, SA (from 2009 to 2010)
- Director of the Grupo Tecnidata (from October 2007 to 2010)
- Managing Director of Financial Services Iberia of Logica (ex-Edinfor) (from January 2006 to July 2007)
- General Manager of the following subsidiary companies of Inapa Group:
  - Inapa Portugal Distribuição de Papel, SA
  - Inapa España Distribución de Papel, SA
  - Inapa Suisse, SA
  - Inapa France SAS
  - Crediforma-Papelaria e Equipamento Técnico Lda
  - Korda Kagit Pazarlama Ve Ticaret Anonim Şirketi

João Miguel Pacheco de Sales Luís

Academic qualifications

- PADE (Program for Top Corporate Managers) from AESE (1999/2000)
- MBA in Nova University (1997)
- Chartered Accountant
- Degree in Business Economics and Administration by Universidade Católica Portuguesa (1981)

Professional qualifications

- Chairman of Supervisory Committee of Unicre – Instituição Financeira de Crédito, SA (since 2013)
- Non-executive director of the Foundation FORSDI – Fundação da Obra Social das Religiosas Dominicanas Irlandesas
- Top manager of the retail network of Millennium BCP (2008-2012)
- Commercial manager of the retail network (2003-2008)
- Top manager of the brokerage business of BCPInvestimento (2001-2003)
- Top manager of Private Banking in the South region of BCP (2000-2001)
- Top manager of "Internacional Private Banking" (1998-2000)
- Marketing manager of the Insurance company Seguros Ocidental (1997-1998)
- Commercial manager of Nova Rede (1995-1997)
- General Manager of BCPI (Asset Management company of BCP) (1991-1994)
- Department of Studies and Planning of BCP (1986-1991)
- Department of Planning and Control in Sorefame (Metalworking Industry and Railways) (1986-1991)

Gonçalo Cruz Faria de Carvalho

Academic qualifications

- Degree in Business Economics and Administration by Universidade Católica Portuguesa (1989)

Professional qualifications

- CFO Ongoing Group, vice-chairman of Ongoing Media and CEO if Ongoing Shared Services (since January 2013)
- Director of Económica Group (Ongoing Media) (since 2009)
- Director of Intervoz and Member of the Management Committee of Renascença Group (2002 a 2009)
- Head of Financial and Administrative department of Sojornal (Expresso Group) (1998-2002)
- Controller e financial manager on Renascença Group (1991-1997)

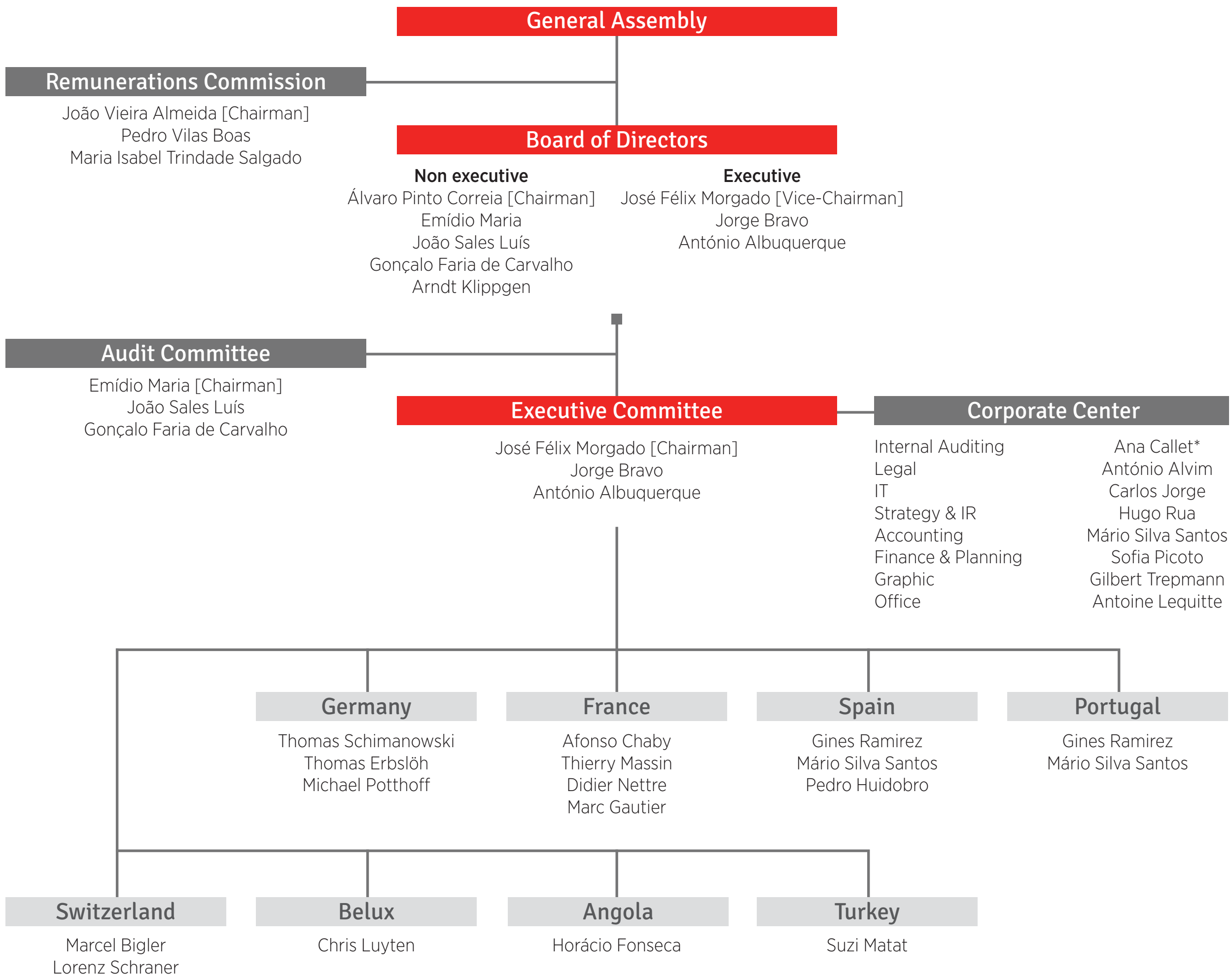
20.

Customary and meaningful family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights.

The Board member João Miguel Pacheco de Sales Luís until 2012 had a leading position as a manager in Millennium BCP.

21.

Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management.



* Also reports to the Audit Committee

In accordance with the resolution of May 14, 2013 of the Board of Directors and the provisions of paragraphs 3 and 4 of Article 407 of the Companies Act, the following powers have been delegated to the Executive Committee, without prejudice to the Board of Directors, in conformance with the provisions of paragraph 8 of the aforementioned Act, of being entitled to pass resolutions on the matters it delegated:

- The day-to-day management of the Company;
- Setting out plans for the implementation of Company and Group policies, objectives and strategy for approval by the Board of Directors;
- Setting out general guidelines concerning the Company's internal organisation for approval by the Board of Directors;
- Compiling operational budgets and medium and long-term investment and development plans for approval by the Board of Directors;
- Approving contracts for the procurement of goods and services up to a limit of € 500,000.00 or less, per category of goods or services;
- Negotiating and contracting short-term bank finance agreements to fund the Company or subsidiary companies, under the terms and conditions that most adequately suit the interests of the Group;
- Negotiating bank finance agreements with a term longer than a year and a day to fund the Company and its subsidiary companies and the issuing of corporate bonds and commercial paper programs, for which purpose binding the Company under any such transactions shall be made expressly conditional to a prior resolution of the Board of Directors to the effect;
- Purchasing, selling and pledging goods or assets accounted for as fixed assets of the Company in accordance with budgets approved by the Board of Directors;
- Purchasing, selling and pledging goods or assets accounted for as fixed assets of the Company not included in budgets approved by the Board of Directors up to a value of 1.5% of realised share capital per item and up to an annual limit of 5% of the aforementioned capital;
- Renting or letting out any buildings or sectional title properties;
- Representing the Company in court and out of court, either as plaintiff or as defendant, as well as proposing and filing any legal suits, admitting guilt, withdrawing or settling out of court and committing to abide by arbitrage proceedings;
- Purchasing, selling or pledging shares in other companies, provided the transactions in question are included in the budget or in approved action plans not exceeding a limit of € 5,000,000.00 per transaction, above which limit prior approval from the Board of Directors shall be required;
- Entering into, amending and terminating employment contracts and exercising powers of discipline over the staff;
- Opening, transacting and closing bank accounts;
- Appointing duly mandated representatives of the Company.

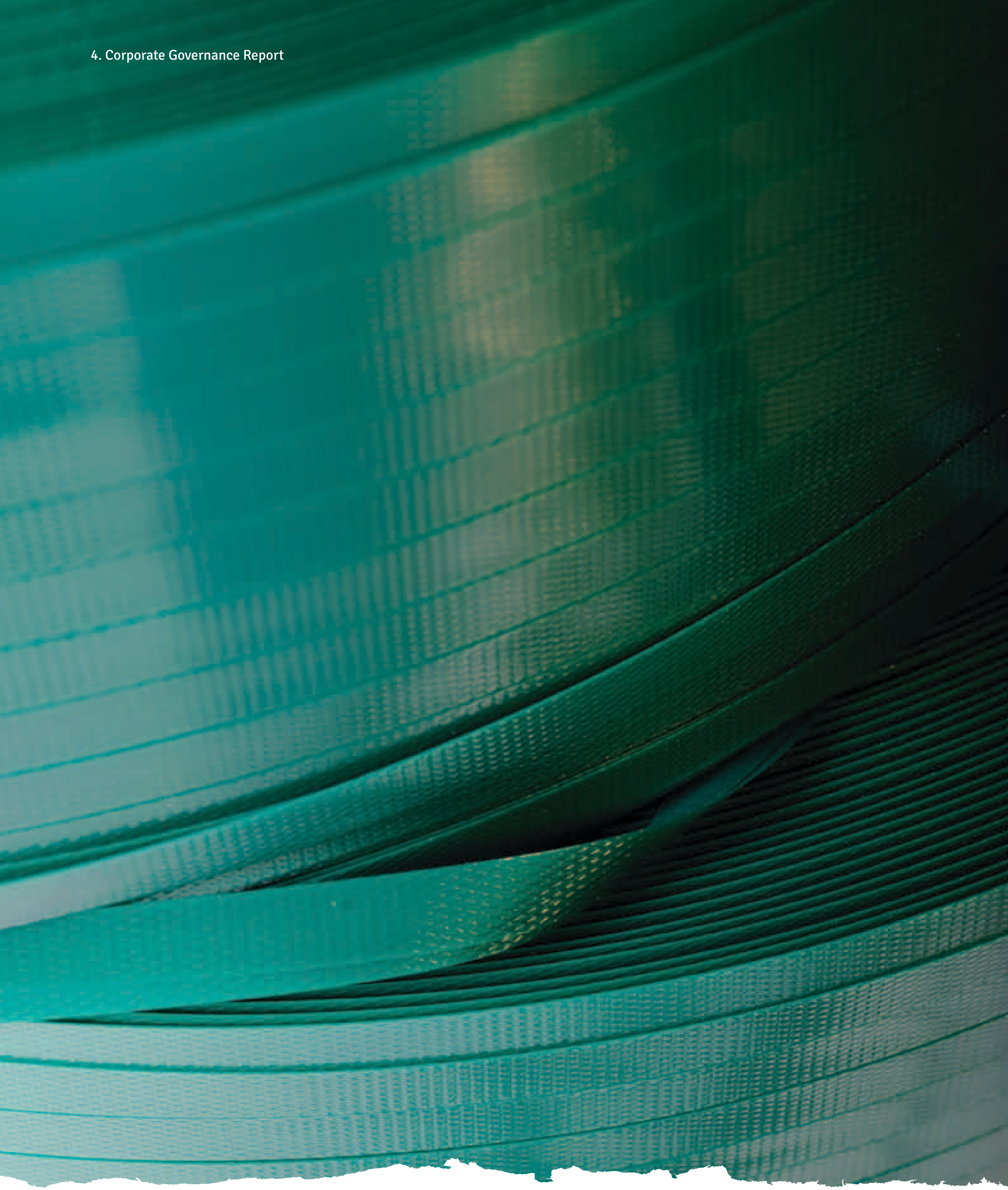
In the aforementioned resolution the Board of Directors expressly barred to the Executive Committee the delegation of the following powers:

- The powers set out in the provisions of sub-paragraphs a) to m) of Article 406 of the Companies Act;
- Resolve, in the terms and limits of the law, on instructions that are binding on subsidiary companies;
- Approval of the Plan and Budget of the Company and subsidiary companies;
- Approval of investment or disinvestment transactions of relevance into and by subsidiary companies;
- Resolve on the purchase and sale of majority or controlling shareholdings or holdings subject to special purchase or selling offers in accordance with the Securities Market Code (CVM);
- Resolutions on splits, mergers or dissolution transactions by subsidiary or associate companies.

On May 14 2013, the Board of Directors has discussed and approved the 2013-2015 strategic plan, where the strategic goals and priorities are described.

It is important to note that in the aforementioned resolution the Board of Directors has granted to the Chairman of the Executive Committee, according to provisions stipulated in paragraph 6 of Article 407 CSC, the following duties:

- Ensure that all relevant information is provided to the other members of the Board of Directors regarding the operations and resolutions of the Executive Committee;
- Ensure the fulfilling of the delegated limits, the company's strategy and the duties to collaborate before the Chairman of the Board of Directors.



The Chairman of the Executive Committee regularly sents the minutes of the Executive Committee to the Chairman of the Board of Directors and Audit Committee.

In conformance with the provisions of applicable legislation and with the aforementioned resolution of the Board of Directors of May 14, 2013, the following powers have specifically been granted to the Audit Committee:

- Supervising the administration of the Company;
- Ensuring due compliance with the law and the provisions of the Bylaws;
- Verifying due compliance of the accounting books, records and supporting documentation;
- Verifying, when and in the form deemed convenient, cash balances and stocks of any type of goods or assets owned by the Company or held in lieu of security or in trust or under any other entitlement;
- Verifying the accuracy of the financial statements;
- Verifying whether the accounting policies and valuation criteria adopted by the Company are conducive to appropriately represent its assets and results;
- Compiling, on an annual basis, an audit report on its audit and supervisory action and issuing an opinion on the annual report and accounts and proposals of the Board of Directors;
- Convening a meeting of the General Meeting of Shareholders, having a duty so to act, should its Chairman fail to do so;
- Auditing the efficacy of the risk management system, the internal control system and the internal audit system;
- Being the recipient of reports on irregularities which shareholders, employees of the Company or other parties may submit;
- Auditing the process of preparation and disclosure of financial statements;
- Recommending to the General Meeting of Shareholders the appointment of a Chartered Accountant and Auditor;
- Supervising the audit to the financial statements of the Company;
- Supervising the Chartered Accountant and Auditor's independence, particularly with regard to provision of additional services;
- Notifying the Office of the Public Prosecutor of any contraventions of the law constituting a public crime of which it may have become aware;
- Contracting for the provision of expert services in order to assist one or more of its members in the performance of their duties.

In the performance of its duties the Audit Committee meets with the external auditor and the chartered accountant - the two functions are assigned to the same entity - and is the first recipient of the reports.

Annually, the Audit Committee makes an assessment of the work performed by the auditor. If its dismissal is deemed appropriate, the replacement is proposed in the General Assembly.

In case it considers adequate the dismissal of the auditor, the Committee proposes its substitution in the General Meeting.

b) Functioning

22.

Availability and place where rules on the functioning of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, may be viewed.

On May 14 2013, the regulations of the following governing bodies were approved: Board of Directors, Executive Committee and Audit Committee.

The above mentioned regulations can be obtained in the company headquarters (Rua Braamcamp 40-9º D – Lisbon, Portugal) or through the website www.inapa.com.

23.

The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

From January 1 to May 7 2013 (former governing bodies):

- Number of meetings: 1
- Attendance of each member:
  - Álvaro João Duarte Pinto Correia: 100%
  - José Manuel Félix Morgado: 100%
  - Emídio de Jesus Maria: 100%
  - Arndt Jost Michael Klippgen: 100%
  - António José Gomes da Silva Albuquerque: 100%
  - Jorge Manuel Viana de Azevedo Pinto Bravo: 100%
  - Acácio Jaime Liberado Mota Piloto: 100%
  - Eduardo Gonzalo Fernandez Espinar: 0%

From May 8, 2013 to December 31, 2013 (governing bodies elected in the General Meeting of May 7,):

- Number of meetings: 8
- Attendance of each member:
  - Álvaro João Duarte Pinto Correia: 100%
  - José Manuel Félix Morgado: 100%
  - Emídio de Jesus Maria: 100%

- Arndt Jost Michael Klippgen: 100%
- António José Gomes da Silva Albuquerque: 100%
- Jorge Manuel Viana de Azevedo Pinto Bravo: 100%
- João Miguel Pacheco de Sales Luís: 100%
- Gonçalo Cruz Faria de Carvalho: 75%

24.

Details of competent corporate boards undertaking the performance appraisal of executive directors.

The performance assessment of executive directors is done by the General Meeting, the Board of Directors and, within its own competence, the Audit Committee.

For remuneration purposes the performance assessment of the executive directors still lies to the Remuneration Committee.

25.

Predefined criteria for assessing executive directors' performance.

The performance assessment of executive directors is based on the following criteria that are stated in the remunerations policy:

- Improvement of financial results of the year and pluri-annual plan;
- Achievement of the initiatives and strategy outlined in the pluri-annual plan;
- Value creation to the shareholder;
- Group image and concept in the financial markets and all of its stakeholders.

26.

The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year.

The 5 non-executive members are in part-time regime relatively to the management of the company.

The functions that each member has inside and outsider the company are the following:

Álvaro Pinto Correia

In the Company:
- ◊ Chairman of the Board of Directors

In the Group:
- ◊ None

Outside the Group:
- ◊ Chairman of the Board of Directors of Fundação Cidade de Lisboa (since 01.07.2000)
- ◊ Chairman of the General Board of Nersant – Associação Empresarial da Região de Santarém (since 17.07.2000)
- ◊ Coordinator of the Business Committee of Angola's Debt Negotiation (since 07.02.2003)
- ◊ Coordinator of the Project Team for the follow-up of the study and implementation of the New Lisbon Airport, and coordination with the privatization of ANA, SA (since 12.12.2006)

Emídio de Jesus Maria

In the Company:
- ◊ Member of the Board of Directors
- ◊ Chairman of the Audit Committee

In the Group:
- ◊ None

Outside the Group:
- ◊ None

Arndt Jost Michael Klippgen

In the Company:
- ◊ Member of the Board of Directors

In the Group:
- ◊ None

Outside the Group:
- ◊ None

João Miguel Pacheco de Sales Luís

In the Company:
- ◊ Member of the Board of Directors
- ◊ Member of the Audit Committee

In the Group:
- ◊ None

Outside the Group:
- ◊ Chairman of Supervisory Committee of Unicre – Instituição Financeira de Crédito, SA (since 2013)

Gonçalo Cruz Faria de Carvalho

In the Company:
- ◊ Member of the Board of Directors
- ◊ Member of the Audit Committee

In the Group:
- ◊ None

Outside the Group:
- ◊ CFO Ongoing Group, vice-chairman of Ongoing Media and CEO of Ongoing Shared Services
- ◊ Director Económica Group

The 3 executive members work on a full time basis in the management of the company and its subsidiaries.

The functions that each member has inside and outsider the company are the following:

José Manuel Félix Morgado

In the Company:
- ◊ Vice- Presidente do Conselho de Administração
- ◊ Presidente da Comissão Executiva do Conselho de Administração

In the Group:
- ◊ Chairman / General Manager:
- ◊ Gestinapa – Sociedade Gestora de Participações Sociais, SA
- ◊ Inapa Portugal Distribuição de Papel, SA
- ◊ Inapa Deutschland, GmbH
- ◊ Papier Union, GmbH
- ◊ Inapa France, SAS
- ◊ Inapa España Distribución de Papel, SA
- ◊ Inapa Suisse, SA
- ◊ Inapa Belgium, SA
- ◊ Inapa Luxemburg, SA
- ◊ Logistipack, SA
- ◊ Inapa Merchants Holding, Ltd
- ◊ Europackaging – SGPS, Lda
- ◊ Inapa Embalagem, Lda
- ◊ Da Hora – Artigos de Embalagem, Lda
- ◊ Trادembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, SA
- ◊ Korda Kagit Pazarlama Ve Ticaret Anonim Şirketi

Outside the Group:
- ◊ Vice-Chairman of Gestmin – SGPS, SA (since 2012)
- ◊ Chairman of Eugropa - European Paper Merchants Association (since 2013)

António José Gomes da Silva Albuquerque

In the Company:
- ◊ Vogal do Conselho de Administração
- ◊ Vogal da Comissão Executiva do Conselho de Administração

In the Group:
- ◊ Director / General Manager:
- ◊ Europackaging – SGPS, Lda
- ◊ Gerente de Inapa Shared Center, Lda

Outside the Group:
- ◊ None

Jorge Manuel Viana de Azevedo Pinto Bravo

In the Company:
- ◊ Vogal do Conselho de Administração
- ◊ Vogal da Comissão Executiva do Conselho de Administração

In the Group:
- ◊ Director / General Manager:
- ◊ Inapa Portugal Distribuição de Papel, SA
- ◊ Inapa España Distribución de Papel, SA
- ◊ Inapa Suisse, SA
- ◊ Inapa France SAS
- ◊ Crediforma-Papelaria e Equipamento Técnico Lda
- ◊ Korda Kagit Pazarlama Ve Ticaret Anonim Şirketi

Outside the Group:
- ◊ None

c) Committees within the Board of Directors or Supervisory Board and Board Delegates

27.

Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof is available.

The Board of Directors has created an Executive Committee, in which it has delegated the daily management of the company.

Given the small size of the company (Bearing in mind the provisions of article 413 º n. 2 of the CSC), the limited number of members of the Board of Directors - 8 -, the functions performed by its Audit Committee, and the number of the Directors that are part of the Executive Committee (3) and the Audit Committee (3), Board deems that the appointment of any of the indicative special committees is not justifiable.

28.

Composition of the Executive Board and/or details of the Board Delegate/s, where applicable.

The Executive Committee has the following composition:

- Chairman: José Manuel Félix Morgado;
- Member: António José Gomes da Silva Albuquerque;
- Member: Jorge Manuel Viana de Azevedo Pinto Bravo.

29.

Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers.

The competences of the Audit and Executive Committees are detailed on section 21.

III. Supervision (Supervisory Board, the Audit Committee or the General and Supervisory Board)

a) Composition (*throughout the said year)

30.

Details of the Supervisory Body (Supervisory Board, the Audit Committee or the General and Supervisory Board) representing the model adopted.

The company has adopted the model in which the Audit Committee is the Supervisory Body.

31.

Composition of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member and reference to the section of the report where said information is already included pursuant to paragraph 18.

Paragraph 4 of article 22 of the company's bylaws states "The Audit Committee of the Board of Directors will comprise of three members who fulfil the applicable legal requirements, one of whom will act as Chairperson, to be appointed by the General Meeting from among the members of the Board of Directors".

The members of the Audit Committee have been elected by the General meeting for a 3 years term.

The Audit Committee has the following Board of Director members:

	FUNCTION	DATE OF FIRST APPOINTMENT	DATE OF END OF THE TERM OF OFFICE
Emídio de Jesus Maria	Chairman	09.04.2008	31.12.2015
João Miguel Pacheco se Sales Luís	Member	07.05.2013	31.12.2015
Gonçalo Cruz Faria de Carvalho	Member	07.05.2013	31.12.2015

32.

Details of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, which are considered to be independent pursuant to Article 414/5 CSC and reference to the section of the report where said information already appears pursuant to paragraph 19.

- Chairman: Emídio de Jesus Maria;
- Member: Gonçalo Faria Carvalho.

33.

Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and other important curricular information, and reference to the section of the report where said information already appears pursuant to paragraph 21.

On section 19 of this report, the qualifications of the Audit Committee are further described.

b) Functioning

34.

Availability and place where the rules on the functioning of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the report where said information already appears pursuant to paragraph 24.

The regulations of the Audit Committee are accessible to the shareholders and anyone that is interested in the company's website – www.inapa.com - or on its headquarters.

35.

The number of meetings held and the attendance report for each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and reference to the section of the report where said information already appears pursuant to paragraph 25.

From January 1 until May 7 2013 (former Governing Bodies):

- Number of meetings: 6
- Attendance of each member:
  - Emídio de Jesus Maria: 100%
  - Acácio Jaime Liberado Mota Piloto: 100%
  - Eduardo Gonzalo Fernandez Espinar: 83%

From May 8, 2013 to December 21, 2013 (Governing Bodies elected on the General Meeting of May 7, 2013):

- Number of meetings: 8
- Attendance of each member:
  - Emídio de Jesus Maria: 100%
  - João Miguel Pacheco de Sales Luís: 100%
  - Gonçalo Cruz Faria de Carvalho: 63%

36.

The availability of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Boards throughout the financial year, and reference to the section of the report where such information already appears pursuant to paragraph 26.

The Audit Committee members are in part-time regime relatively to the management of the company and do not have any functions in the company or the Group, besides the ones relative to their role as members of the Board of Directors.

The function of the Audit Committee members outside the company and the Group are the following:

Emídio de Jesus Maria

◊ No activity

João Miguel Pacheco de Sales Luís

◊ Chairman of Supervisory Committee of Unicre – Instituição Financeira de Crédito, SA (since 2013)

Gonçalo Cruz Faria de Carvalho

◊ CFO Ongoing Group, vice-chairman of Ongoing Media and CEO of Ongoing Shared Services

◊ Director of Económica Group (Ongoing Media)

c) Powers and duties

37.

A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

The company has established procedure to hire additional services to the external auditor, which require the previous analysis by the Audit Committee.

During the last term and current, the Audit Committee has give its consent to the proposed additional works given the limited relevance of the corresponding costs and the fact that they did not involve any conflict of interest, thereby safeguarded its independence.

38.

Other duties of the supervisory body and, where appropriate, the Financial Matters Committee.

The Audit Committee has no other duties than the ones described on section 21 of this report.

IV. Statutory Auditor

39.

Details of the statutory auditor and the partner that represents same.

The statutory auditor is the firm PricewaterhouseCoopers & Associados, SROC, Lda represented by José Pereira Alves Appointed Chartered Accountant, and José Manuel Henriques Bernardo Substitute Chartered Accountant.

40.

State the number of years that the statutory auditor consecutively carries out duties with the company and/or group.

The statutory auditor - PricewaterhouseCoopers – auditor is presently serving his third mandate, after being appointed for these duties on May 31, 2007, in substitution of the company Grant Thornton.

41.

Description of other services that the statutory auditor provides to the company

PricewaterhouseCoopers & Associados, SROC, Lda has provided services of annual services review, fiscal consulting and due diligence services, within the acquisition of two relatively small companies.

V. External Auditor

42.

Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number at the CMVM.

The external auditor is the firm PricewaterhouseCoopers & Associados, SROC, Lda represented by José Pereira Alves.

The external auditor has the CMVM registration number 9077.

43.

State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group.

The external auditor is presently serving his third mandate, after being appointed for these duties on May 31, 2007, in substitution of the company Grant Thornton.

The partner in charge is serving since 2011.

44.

Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.

The company has not establish formal policies and Schedule of rotation regarding the external auditor and respective partner.

45.

Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out.

In addition to the General Assembly, the Audit Committee evaluates the performance of the external auditor.

The Audit Committee supervises the work performed by the external auditor every six months, particularly during the limited review of the first half accounts and full review of the annual accounts.

46.

Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment.

The work performed by the external auditor in addition to the audit, the verification of the implementation of policies and remuneration systems of statutory bodies, the verification of the efficiency and effectiveness of the internal control mechanisms and reporting any deficiencies to the supervisory board of the company, are described in section 41 of this report.

47.

Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services (For the purposes of this information, the network concept results from the European Commission Recommendation No. C (2002) 1873 of 16 May):

COMPANY*	
Statutory account review services	€ 58,950 (89%)
Audit reliability services	-
Tax consulting services	€ 7,500 (11%)
Other non-statutory auditing services	-
ENTITIES THAT ARE PART OF THE GROUP *	
Statutory account review services	€ 543,194 (97.6%)
Audit reliability services	€ 5,004 (0.9%)
Tax consulting services	€ 7,500 (1.3%)
Other non-statutory auditing services	€ 700 (0.1%)

* Including individual and consolidated accounts

C. Internal Organization

I. Articles of Association

48.

The rules governing amendment to the articles of association (Article 245-A/1/h).

The company bylaws, with the exception of changing the headquarters, in which the Board of Directors has a specific delegation, can also be changed by a resolution of the General Meeting.

The General Meeting shall meet at first call whenever a number of shareholders or their representatives, whose holdings represent at least 1/3 of share capital are in attendance; a second call shall be deemed valid regardless of the number of shareholders in attendance or duly represented and whichever the percentage of share capital their holdings may represent (Article 383, paragraph 2 and 3 of the Bylaws).

General Meeting resolutions require a majority of 2/3 of the issued votes in first and second call; in the case of second call, if at least half of the share capital is represented, the resolutions can be approved by simple majority.

II. Reporting of irregularities

49.

Reporting means and policy on the reporting of irregularities in the company.

The Board of Directors has adopted internal regulations for disclosure of irregular practices, containing the following features:

1. The employees of Inapa Group (management and staff of the parent company, Directors, and management and staff of its affiliate companies) are bound to report any irregular practices of which they may have become aware being perpetrated in Inapa Group companies to the following officials:

   a) To the Chairman of the Executive Committee of the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA should such irregular practices involve the management and staff of the parent company, Directors and the management and staff of its affiliate companies;

   b) To the Chairman of the Audit Committee of the Board of Directors should such irregular practices involve the Directors of Inapa – Investimentos, Participações e Gestão, SA or of its supervisory board and/or its staff;

   c) To the Chairman of the Board of Directors should such irregular practices involve a member of the Audit Committee of the Board of Directors of the Company.

2. In the situations referred in sub-paragraph a) of paragraph 1 above, the Chairman of the Executive Committee shall submit such allegations, with the urgency deemed necessary, to the Chairman of the Audit Committee of the Board of Directors.

3. Such allegations shall be submitted in writing, and their author shall be entitled to demand from the recipient a written statement to the effect that the information in question shall be treated in the strictest confidence.

4. The reporting official shall be assured that, barring allegations of a calumnious nature, any information provided within the scope of these regulations shall neither be raised as grounds for instituting proceedings against him or her nor for any unfavourable treatment towards him or her.

To be able to act in a swift manner, the company decided that communications should be directed to the executive members. Notwithstanding this communication being performed normally to the CEO, the Audit Committee is informed of all communications that are performed.

III. Internal Control and risk management

50.

Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

The Board of Directors approved the systems of internal control and risk management of the company and the group, on its own initiative or the Executive Committee of the Board of Directors.

The internal auditor of the Group is responsible for the implementation and evaluation of internal control systems.

Planning and control of the group are responsible for monitoring the activity of each of the Group companies.

Audit Committee and the External auditor, under the powers which he is legally committed, regularly evaluation the mechanisms and discusses adjustment to the needs of society and the group.

The review of procedures and reporting of information relating to risk management will shortly be the subject of independent validation by an independent third party.

51.

Details, even including organisational structure, of hierarchical and/ or functional dependency in relation to other boards or committees of the company.

The organizational structure and hierarchical and functional dependencies are described in section 21.

The internal auditor reports functionally to the Audit Committee and the Executive Committee, also supporting the first one to the good execution of its competences.

52.

Other functional areas responsible for risk control.

In addition to the areas identified above should also be noted as areas with responsibility for risk control, the central IT and information systems department, internal control and accounting department in each of the companies and at the level of the shared services centre.

53.

Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

The Group's main activity is the distribution of paper, and as such, it acts as a link between the upstream paper producers and the downstream intermediate consumers (namely companies and paper manufacturing industries, such as printers, advertisers, media companies, and newspaper and book publishers, among others), modern distributors (large-scale suppliers and specialized retail chains) and end consumers (companies in the office segment and individuals).

Inapa is subject to the inherent risks of the economic sector where it operates and especially to fluctuations in paper price, short-term imbalances between demand and supply, changes in consumption patterns and the performance of the economy in general.

In this context, the most relevant risks to which Inapa is exposed while conducting its business are associated with its capacity to pass changes in the purchase price of paper and in its operating costs on to customers through selling prices, particularly costs related to logistics and transportation.

Additionally, the paper distribution business is sensitive to changes in the behavioural patterns of the demand, mainly in segments such as advertising and media, and to changes in the distribution structure.

Balance between supply and demand depends on a variety of factors, among which we highlight the trends in installed production capacity and the level of overall economic activity.

The Group's ability to pass paper price and/or oil price increases on to its customers through the selling prices of its products, or the fees it charges for the services it provides, is not fully elastic, and so the direct margins of products sold and the net contribution of services rendered may be adversely impacted by such adverse trends, with the result that transport costs associated with its delivery services may increase and consequently adversely impact on the Group's performance, financial situation, and earnings.

Inapa counts with some means of mitigating this risk, among which stand out its systems, which introduce various levels of authority according to the margin generated by the operation in the sales process.

The developments in the productive capacity of the different geographical markets, trends in paper demand in emerging economies such as China and India and its impact on those markets' suppliers, the impact of exchange rate fluctuation on the competitiveness of the various markets, and a number of regulatory issues that affect the world paper trade are all factors which, either in combination or in isolation, may directly or indirectly impact the performance of the Company, its financial situation, and its earnings performance.

Furthermore, the paper distribution business has undergone structural changes in recent years, as a result of mergers among paper merchants, especially in Europe. Competitor moves may directly or indirectly impact the Company's future strategic decisions and, therefore, its positioning in each particular market and, consequently, affect its economic and financial returns and asset allocation.

Given the fact that Inapa conducts its business in seven European countries, and, since 2009 and 2013, in Angola and Turkey, in conjunction with the fact that about 95% of its total turnover is originated in foreign markets, the company is naturally exposed to risks arising as a result of the specific performance of the economies of the countries where it operates, notwithstanding the fact that the very nature of that exposure may equally constitute a risk-mitigating factor as a result of the low probability that exactly the same economic performance pattern will occur at once in every one of those markets.

The exposure to currency risk is limited but real on account of the fact that the Group's aggregate turnover in currencies other than Euro (namely Swiss Franc, US Dollar, Angolan Kwanza and Turkish lira) accounts for approximately 7.5% of the total turnover.

As it is the case with any other company or group of companies, Inapa's performance depends on its ability to retain its customer base.

In addition to serving quite a significant customer base – of over 70,000 customers – that are widely distributed from a geographical perspective and to offering a wide range of competitive, top-quality products and appropriate service levels, Inapa has been developing a customer loyalty program aimed at its traditional clientele through a comprehensive offer of products and services that complement its core business with a view to increasingly assert itself as a global Paper Service Provider.

The impact on local economies of a downturn in the world economy may make it difficult for customers of the Inapa Group to meet their obligations towards the Group.

As a credit risk mitigation factor, Inapa contracted in 2011, a credit insurance policy to cover for credit risk of its operating subsidiaries with a major insurance company in Europe. This insurance covers the five core countries of the Group (Germany, France, Switzerland, Portugal and Spain), thus covering more than 95% of Group sales.

Regardless of the coverage contemplated above, Inapa also manages credit risk by acting as follows: each Group subsidiary has its credit collections committee composed by the CEO, CFO and head of sales and purchases; credit limits are defined and recorded in the information system and inhibit new orders when limit is fully utilized; limits of credit granting are subject to annual review and/or whenever there is relevant information arising from the recommendation of the internal and external monitoring systems; approval of sales above the defined credit limits are subject to Board approval.

A slowdown in economic growth rates or a decrease in consumer and producer confidence indexes may, in turn, lead to a slowdown or fall in the paper demand, namely the demand for writing and printing paper, thereby adversely affecting its operations, sales, earnings, and the overall financial standing of the Inapa Group.

The Group's ability to successfully implement the established strategy is a function of its ability to retain, and if necessary to hire, the most competent and adequately skilled staff to perform each duty.

Although the Group's human resources policy strives to reach these objectives, it is not possible to guarantee that constraints may not arise in that regard.

Inapa awards supplemental retirement and subsistence pension benefits to the personnel of the subsidiaries Inapa France, Logistipack, Semaq, Inapa Switzerland and Papier Union, having duly accounted for the inherent expenses and costs associated with such benefits in accordance with the specifications of International Accounting Standard 19 (IAS 19).

The balance reported in the consolidated accounts under liabilities for pension benefits is based on predefined assumptions on mortality rates, whereas the beneficiaries of the pension fund schemes in question may live longer than what such assumptions accounted for and, as such, may draw benefits from the pension fund in excess of the provisions for such benefits. Therefore, liabilities for pension benefits may have an adverse impact on cash flows.

As regards the consolidation of accounts, Inapa has methods to mitigate internal and external risks.

Internally, the holding company has a team that sets the accounting policies to be used in the Group, validates all the consolidation movements of each company and controls the processing of local accounts under IFRS. Additionally, all companies report their monthly accounts to the Group's holding company (income statements and balance sheets), enabling to monitor regularly the progress of the accounts of each Group company.

Externally, in order to mitigate the risks arising from the classification into different accounting categories, proper accounting and consolidation reports of each company and standardization of criteria, we opted to use a common auditor in the main geographical regions in which Inapa operates, in this case PricewaterhouseCoopers. The work developed by the holding company is also subject to verification by the same external auditor, ensuring the adequacy and transparency of the consolidated accounts.

In the future, Inapa may be a party in litigation arising from the conduct of its business, including legal proceedings which may have been ruled in favour of the Group, fully or partially, or sentences that may be subject to recourse or petition for their annulment by the counterparties in conformance with applicable legal procedure and until that time as such sentences have been upheld in a court of final appeal.

At present, the main legal suit to which Inapa is a party concerns a petition under ordinary procedure filed by Papelaria Fernandes – Indústria e Comércio, SA, in August 01, 2007, which claim has been valued at 24,459,906.14 Euros, relative to events occurring from 1991 to 1994.

In the aforementioned legal suit, and in essence, Papelaria Fernandes is petitioning to be declared null the contracts and transactions entered into during the above mentioned period by the Group and Papelaria Fernandes. Notwithstanding the Group's firm belief that it is right, Inapa cannot guarantee that the court case in question will be ruled in its favour or that any other such legal suits relative to its operations will be ruled in its favour in the future. Unfavourable rulings on legal suits filed against it may have an adverse impact on the operations, financial situation, and earnings performance of the Inapa Group.

Inapa Group's operations require investments. It is Inapa's intention to partly fund those investments with cash resources generated from operations. However, should its operations fail to generate sufficient cash resources, Inapa may be required to partly fund the envisaged investments with funding raised from external sources, including bank finance and bond issues.

In addition, Inapa Group is exposed to a number of other risks, namely liquidity risk, interest rate risk, market risk on the price of raw materials, operating risk, and other risks.

Interest costs on most of the Group's financial indebtedness bears interest at rates linked to variable market rates, on account of which Inapa is exposed to market risk on changes in interest rates.

Considering that Inapa does not hedge its exposure to adverse changes in market interest rates, such changes may, in turn, have an adverse impact on its performance, financial situation, and earnings.

Nevertheless, and in order to manage such risks, the Group's Finance Department strives to manage the impact of changing interest rates by monitoring market developments on an ongoing basis and by being in a position to contract financial instruments to mitigate the impact of interest rate volatility.

In a context of sector consolidation, Inapa may be the target of a public tender offer.

Despite the fact that the Group has been implementing careful risk management methodologies to manage every type of risk to which it is exposed, in the event of exceptionally adverse scenarios materializing, the policies and procedures employed by Inapa to identify, monitor, manage, and mitigate such risks may prove not to be fully effective.

The Company believes that it is sufficiently equipped to effectively control the risks arising from the business conducted by the Company and the companies it controls, and deems that the actions being conducted by the Heads of its Management Control and Finance Departments, who have been specifically charged to manage its risks, particularly Inapa Group's liquidity risk, are effective.

Inapa manages the Group's liquidity risk by acting as follows: striving to structure the Group's financial indebtedness to feature a large percentage of medium and long-term debt, with a maturity that adequately matches its ability to generate cash resources; resorting to credit facilities it may draw on at any time (credit facilities on current accounts); treasury management is done locally in each Group company supervised by the Holding Company; cash flow forecast is regularly updated and monitored to avoid potential deviations.

In the course of conducting Inapa's normal business, and owing to its organizational structure, the Group is subject to certain operational risks, including possible interruptions in the services it renders or delays in providing such services, omissions, errors.

Those risks are monitored by the Company on an ongoing basis by means of the administrative and information systems it implemented for that purpose, having also arranged for insurance policies to cover certain operational risks.

Inapa Group's operations are also dependent on IT processing, which involves the storing and processing of financial reporting records, monitoring and control records from its logistics, warehousing and delivery services, and internal accounting records.

Notwithstanding the ongoing assessment of the condition of its information systems and the fact that our capacity has proven to be reliable, it is not possible to absolutely guarantee a full identification and timely redressing of every single issue concerning the information technology systems or the unqualified success of every single implementation of a technological enhancement to such systems.

In this scenario, there could be significant changes in Inapa's current strategy with implications for the several businesses and markets where it operates.

Inapa Group may be adversely affected by amendments to ruling legislation and to other tax legislation applicable in Portugal, the European Union, and the particular countries where it operates.

The Group's units are subject to risks that are inherent to the conduct of any economic activity, such as accidents, faults, or natural catastrophes that may cause damages to the Group's assets or a temporary interruption of its trading activities.

54.

Description of the procedure for identification, assessment, monitoring, control and risk management.

Risk identification and risk assessment is an ongoing process taking part in the Board of Directors, Executive Committee, Audit Committee, the external auditors and internal audit. Risks and mechanisms that allow its identification and assessment are described in the previous section.

The monitoring, control and risk management is carried out continuously by the Executive Committee. The Audit Committee and External Auditor also conduct audits of the effectiveness of risk management, internal control and internal audit systems.

55.

Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A/1/m).

The elements regarding the internal control and risk management systems are described in section 53.

IV. Investor assistance

56.

Department responsible for investor assistance, composition, functions, the information made available by said department and contact details.

The Company has an Investor Relations Office headed by the responsible for relations with the market.

Role of the Office:

- To provide all investors – corporate or particular – with the most complete and accurate information, in the strict respect for the applicable legislation, concerning the corporate structure of the Company and the Group, on the rights and duties of the shareholders in conformance with the legislation and the Company's Articles of Association, on its financial and economic situation according to the disclosed elements and the indication of the probable calendar of the most relevant events of corporate initiative.

- To provide investors, in due respect for applicable legislation, with any additional or complementary information and clarification they may ask for.

Type of information made available:

- Information published by the company with corporate or economic-financial nature, of at least in the last three years, in Portuguese and English.

- Any relevant fact that can influence the company activity, in Portuguese and English.

Assess means to the office;

By post: Rua Braamcamp, n.º 40 -9º D, 1250-050 Lisbon - Portugal
By fax: + 351 21 382 30 16
By telephone: + 351 21 382 30 07
By e-mail: hugo.rua@inapa.pt
By website: www.inapa.com

57.

Market Liaison Officer.

The Company's representative for market relations is Mr. Hugo Duarte de Oliveira Rua.

58.

Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years.

The requests that were sent to the Office were answered within two business days.

V. Website

59.

Address (es).

The corporate website on the internet is: www.inapa.com.

60.

Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com.

61.

Place where the articles of association and regulations on the functioning of the boards and/or committees are available.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com.

62.

Place where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective functions and contact details.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com.

63.

Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 -9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com and the CMVM website www.cmvm.pt.

64.

Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com and the CMVM website www.cmvm.pt.

65.

Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com and the CMVM website www.cmvm.pt.

D. Remuneration

I. Power to establish

66.

Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company.

The remuneration of the Governing Bodies is determined by:

- the Remunerations Committee, and;
- the General Meeting.

The company considers its directors, according to paragraph 3 of article 248º B from CVM, exclusively the members of the Board of Directors and Audit Committee.

II. Remuneration Committee

67.

Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.

On the General Meeting of May 7, 2013 it was elected the following remunerations committee:

- **Chairman:** João Vieira de Almeida;
- **Member**: Millennium BCP, which nominated Pedro Vilas Boas as its representative;
- **Member:** Maria Isabel Baltazar Moreira da Silva Trindade Salgado.

All members of the Remunerations Committee are independent relatively to the members of the Board of Directors.

68.

Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

The elected members or entities of the Remunerations Committee have experience in the remunerations policy, as it can be verified by the curricula which was presented in the General Meeting:

João Vieira de Almeida

Academic qualifications

- Bachelor in Law by University Católica

- Member of the Portuguese and Brazilian Bar Association

Professional qualifications

- Managing director of the firm Vieira de Almeida & Associados and partner co-responsable for the Corporate Finance e M&A area

- Lawyer in Vieira de Almeida & Associados (since 1985)

Maria Isabel Baltazar Moreira da Silva Trindade Salgado

Academic qualifications

- Bachelor in philosophy by Faculdade de Letras from Lisbon University

- Post-grad in education/organizational sciences and training assessement by Faculdade de Psicologia from Lisbon University, in collaboration with Université Pierre Mendès –Grenoble, France

- Professional training in general management, human resources, finance, law in public sector, training techniques, IT, modernization, quality and services evaluation, performance assessment and public procurement

Professional qualifications

- Deputy Secretary General of the Ministry of Agriculture, Sea, Environment and Spatial Planning (position currently holds)

- Deputy Secretary General of the Ministry of Agriculture, Rural Development and Fisheries

- General Secretary of the Ministry of Planning

- Part of several committees and working groups in the fields of organic laws, establishing / restructuring of services, streamlining organizations and careers

III. Remuneration structure

69.

Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June.

The remuneration policy has been the object of a separate assessment by the General Meeting of April 10, 2013.

In such General Meeting, the following description on remuneration policy has been unanimously approved:

1. The remuneration of the members of the Board of Directors comprises exclusively a fixed sum, except in the case of the members of the Executive Committee that shall also have a variable component. Throughout the term ended in 2012, given the state of company, the relevant markets and, more generally, the economic and international context, it was not decided any variable remuneration component.

2. The Remunerations Committee stipulates the amount of the fixed sum in the remuneration of the Governing Bodies has to be included in the Governance Report.

3. The remuneration of the members of the Governing Bodies is determined based on general criteria: alignments of the remuneration with the interests of the Company' Stakeholders, evaluation of the performance and financial conditions of the Group and justice and equilibrium on the evaluation and application.

4. The statutory account auditor will be remunerated in the terms and conditions that will be agreed between him and Inapa, in accordance with the market practices and legal and recommendation framework.

5. Relatively to the term that now starts, the remuneration regime to apply will be defined by the Remuneration Committee to be elected in this General Meeting, considering that the main principles will continue to be the following:

   a) All remuneration components shall be object of a deliberation of the Remunerations Committee;

   b) The setting of a variable component of the remuneration of the members of the Executive Committee should be based on the evaluation of their performance, following the criteria that consider the financial results improvement in line with the settled strategy and goals, the value creation for the shareholders and the Group image on the market and its intervenient;

   c) In case there is a variable component of the remuneration, it will be compose by two components;

      i) An annual component, based on the annual goals achievement;

      ii) A pluri-annual component, based on mandate goals achievement (or on the years ok work, in case of a complete mandate).

The Remunerations Committee did not hire any individual or company to support it in its role.

70.

Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.

The remuneration of non-executive Directors does not establish any variable component.

The remuneration structure of the Executive Committee, described in the previous section has a fix and variable component, being the last one subdivided in an annual and pluri-annual component, in order to assure the alignment of interest of the Directors with the long term interest of the Company and discourage excessive risk taking.

71.

Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component.

The remuneration of executive directors has a variable component dependent on a performance assessment under the terms previously addressed.

Notwithstanding what has been previously mentioned, the General Meeting has approved that, at exceptional level, no variable component of remuneration shall be distributed to executive Members.

72.

The deferred payment of the remuneration's variable component and specify the relevant deferral period.

Notwithstanding what is referred regarding the suspension of the variable remuneration to the executive Directors, the variable remuneration should include a pluri-annual component, based on mandate goals achievement (or on the years that have been working, in case of an incomplete mandate).

73.

The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value.

The remuneration of executive Directors does not establish any component based in shares.

The shares that are hold by directors do not result of any variable remuneration scheme.

74.

The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price.

The remuneration of executive Directors does not establish any component based in options.

75.

The key factors and grounds for any annual bonus scheme and any additional non-financial benefits.

Notwithstanding the suspension of the variable remuneration, the parameters and fundamentals of bonus schemes to executive Directors system are mentioned in section 69.

76.

Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis.

Do not exist supplementary pensions or early retirement schemes for Board of Directors and Audit Committee members.

IV. Remuneration disclosure

77.

Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same.

	INAPA - IPG		SUBSIDIARIES	
	FIXED REMUNERATION PAID IN 2013	VARIABLE REMUNERATION IN 2013	FIXED REMUNERATION PAID IN 2013	VARIABLE REMUNERATION IN 2013
Álvaro João Duarte Pinto Correia	€ 84,000.00	_	_	_
José Manuel Félix Morgado	€ 399,077.90	_	_	_
Arndt Jost Michael Klippgen	€ 18,525.73	_	€ 195,000.00(*)	€ 220,000.00(*)
António José Gomes da Silva Albuquerque	€ 259,000.00	_	_	_
Jorge Manuel Viana de Azevedo Pinto Bravo	€ 259,000.00	_	_	_
Emídio de Jesus Maria	€ 70,500.00	_	_	_
Acácio Jaime Liberado Mota Piloto**	€ 7,584.15	_	_	_
Eduardo Gonzalo Fernandez Espinar**	€ 7,584.15	_	_	_
João Miguel Pacheco Sales Luís***	€ 10,791.67	_	_	_
Gonçalo Faria de Carvalho***	€ 10,791.67	_	_	_

* Until September 2013, was the CEO of a subsidiary, Papier Union (remuneration scheme defined quite before his appointment for the Board of Directors of Inapa – IPG).

** In functions until the General Meeting of May 7, 2013.

*** Appointed after the General Meeting of May 7, 2013.

78.

Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control.

The amounts paid to Directors by other companies in a group relationship or controlled by the group are the ones referred in section 77 arise from the agreement settled with the beneficiary in question to assume duties as CEO quite before his appointment for the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA.

79.

Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

The remuneration scheme approved in the General Meeting does not establish any profit sharing.

80.

Compensation paid or owed to former executive directors concerning contract termination during the financial year.

No compensation were paid to former executive directors nor are due compensations for the cessation of their duties during the last financial year.

81.

Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June.

The Audit Committee members remunerations described under section 77.

During 2013 the audit Committee member were:
- Emídio de Jesus Maria
- Acácio Jaime Liberado Mota Piloto (until May 7, 2013)
- Eduardo Gonzalo Fernandez Espinar (until May 7, 2013)
- João Miguel Pacheco Sales Luís (after May 7, 2013)
- Gonçalo Faria de Carvalho (after May 7, 2013)

82.

Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting.

Pursuant to a resolution of the Remunerations Committee dated May 21, 2008, and confirmed by the approval at the General Meeting of May 11, 2012 of the Declaration on the Remuneration Policy presented by the referred committee, the remuneration of the Chairman of the General Meeting of Shareholders is set at € 5,000.00 (five thousand Euros) payable for every meeting chaired.

During 2013 there were held two General Meeting, for which it was paid as a remuneration € 10,000.00 (ten thousand euros).

V. Agreements with remuneration implications

83.

The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component.

No contractual limitations have been establish to pay eventual compensations for the unfair dismissal of directors.

84.

Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid. (Article 245-A/1/l))

No agreements between the Company and members of the Board of Directors and/or senior management containing provisions on the payment of compensations upon resignation, unfair dismissal or termination of employment following a change in the company's controlling shareholder are in force.

VI. Share-allocation and/or stock option plans

85.

Details of the plan and the number of persons included therein.

The Company does not have any share-allocation or stock option scheme to award shares in the capital of the Company to its governing bodies or personnel.

86.

Characteristics of the plan (allocation conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be allocated, the existence of incentives to purchase and/or exercise options).

The Company does not have any share-allocation or stock option scheme to award shares in the capital of the Company to its governing bodies or personnel.

87.

Stock option plans for the company employees and staff.

The Company does not have any share-allocation or stock option scheme to award shares in the capital of the Company to its governing bodies or personnel.

88.

Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees (Article 245-A/1/e).

The Company does not have any share-allocation or stock option scheme to award shares in the capital of the Company to its governing bodies or personnel and has no control mechanisms in case of eventual voting rights exercised by employees.

E. Related party transactions

I. Control mechanisms and procedures

89.

Mechanisms implemented by the Company for the purpose of controlling transactions with related parties (For said purpose, reference is made to the concept resulting from IAS 24).

The Board of Directors of Inapa – Investimentos, Participações e Gestão, SA has approved, on proposal of the Audit Committee, regulations related to business deals to be carried out between the Company and entity relationships with the former.

For purposes of the aforementioned regulations, the owners of qualifying holdings or entity relationships as well as the Company board members and/or of its subsidiaries are considered, under the terms of Article 20 of the CVM (Securities Code).

With such regulations it has been defined, as object of specific supervisory duties of the Audit Committee, the deals carried out between those entities and the Company and/or its subsidiary companies establishing three supervisory actions:

- Previous binding recommendation;
- Previous recommendation;
- A posteriori appraisal.

Under the terms of the referred regulations, the deals to be carried out between the Company board members and/or of its subsidiary companies with the Company or subsidiaries, are subjected to previous and binding recommendation of the Audit Committee, with exception of the deals within the scope of the company's business itself, in which no special advantage is granted to the persons in question.

The relevant deals or transactions to be carried out between the Company and/or its subsidiary companies with owners of qualifying holdings or entity relationships with the former are subjected to previous recommendation, in conformance with Article 20 of CVM (Securities Code).

Given the situation of the Company and its subsidiary companies, and following an advice of the External Auditor, the following limits have been fixed, after which the business or transactions are deemed as significantly relevant:

TYPE OF TRANSACTION	LIMIT	
Purchasing and selling of goods and services	€	750,000.00
Financial investments	€	5,000,000.00
Loans and other type of funding, excluding simple renewals	€	10, 000 000.00
Other transactions	€	500,000.00

Notwithstanding the aforementioned criteria, the deals or transactions with owners of qualifying holdings or entity relationships with the former that, due to its nature, value or conditions may have particular relevance in terms of transparency and/or conflict of interests, are also subject to a previous recommendation of the Audit Committee.

Finally, it is stated in the referred regulations that all transactions with entities having a relationship with the Company that do not require a previous recommendation of the Audit Committee (either binding or not) are compulsorily submitted to the appraisal by this supervisory body and, for this effect, shall be notified up to the end of the month subsequent to said transactions.

In addition, the regulations stipulate that the Audit Committee shall deem the reasonability and transparency of the business and transactions submitted to its appraisal, namely in what regards to pursuing the interests of the Company and its subsidiary companies, taking into account the normal market conditions where such operations are carried out and that they do not provide, directly or indirectly, a more favourable treatment than the one obtained by third parties under equal circumstances and, in the case of owners of qualifying holdings or entity relationships with the former, an unfair treatment in relation to the other shareholders.

90.

Details of transactions that were subject to control in the referred year.

No transactions were subject to control during 2013.

91.

A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.

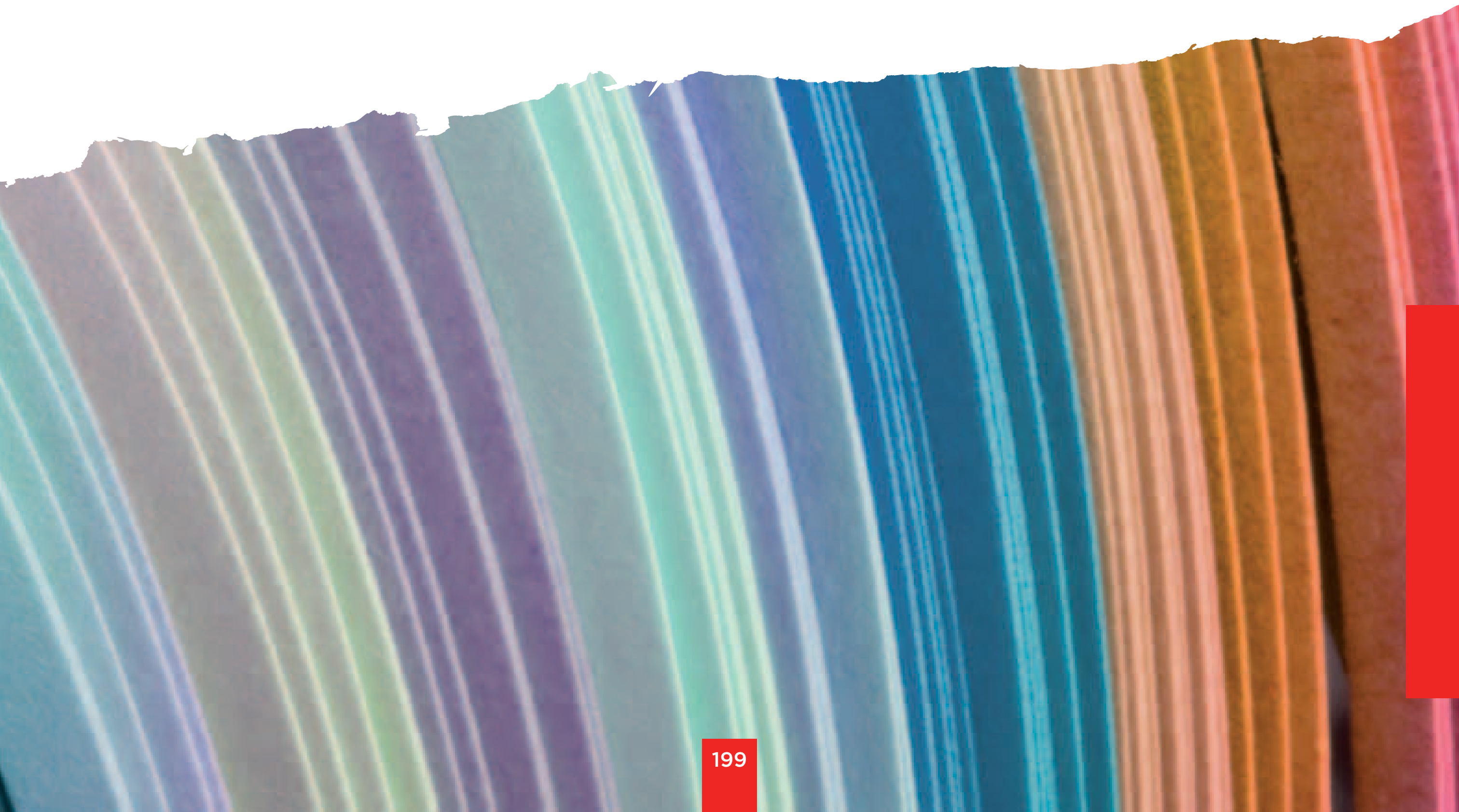
The procedures and criteria are described in section 89.

II. Data on business deals

92.

Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.

The information about business deals with related parties is described on note 35 to the consolidated financial statements of the company.



2013
ANNUAL REPORT

Inapa - Investimentos, Participações e Gestão, SA

Rua Braamcamp, nº 40 - 9º D
1250-050 Lisboa

www.inapa.pt

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Share Capital: € 204,176,479.38

inapa