inapa

ANNUAL REPORT

2014

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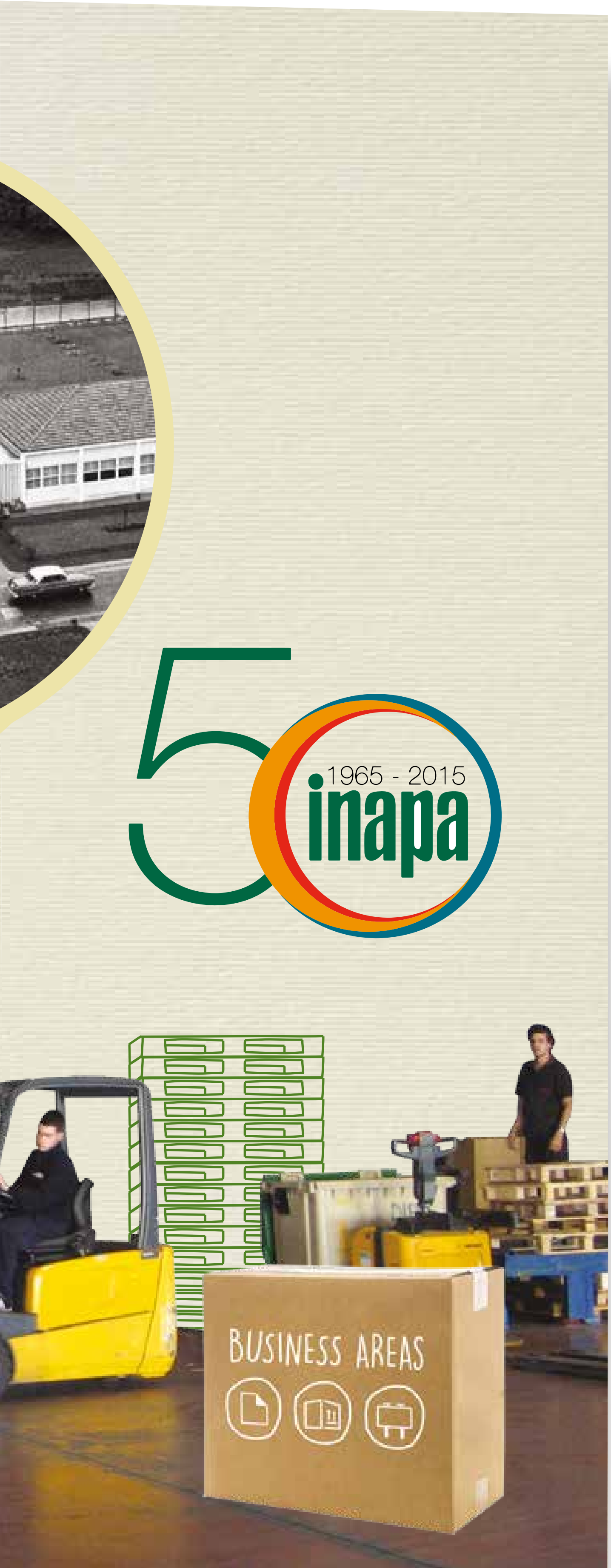
HONOR THE PAST. CELEBRATE THE PRESENT. INSPIRE THE FUTURE.

Inapa Group has come a long way since it was established, in 1965, as the first large-scale Portuguese paper mill.

At this moment, Inapa is a significantly different company compared to the one that was founded 50 years ago being fully prepared to meet the challenges of the market and expectations of the clients. The business focus and strategy have changed over the years and our geographic boundaries have expanded, positioning Inapa as a European leading Group in Paper, Packaging and Visual Communication. Today, we are 1.500 employees serving, in 9 countries, more than 70 thousand clients, with our eyes set in the next 50 years!

70.000 CLIENTS

1.500 EMPLOYEES



01

INAPA GLOBAL

5,000

daily product deliveries

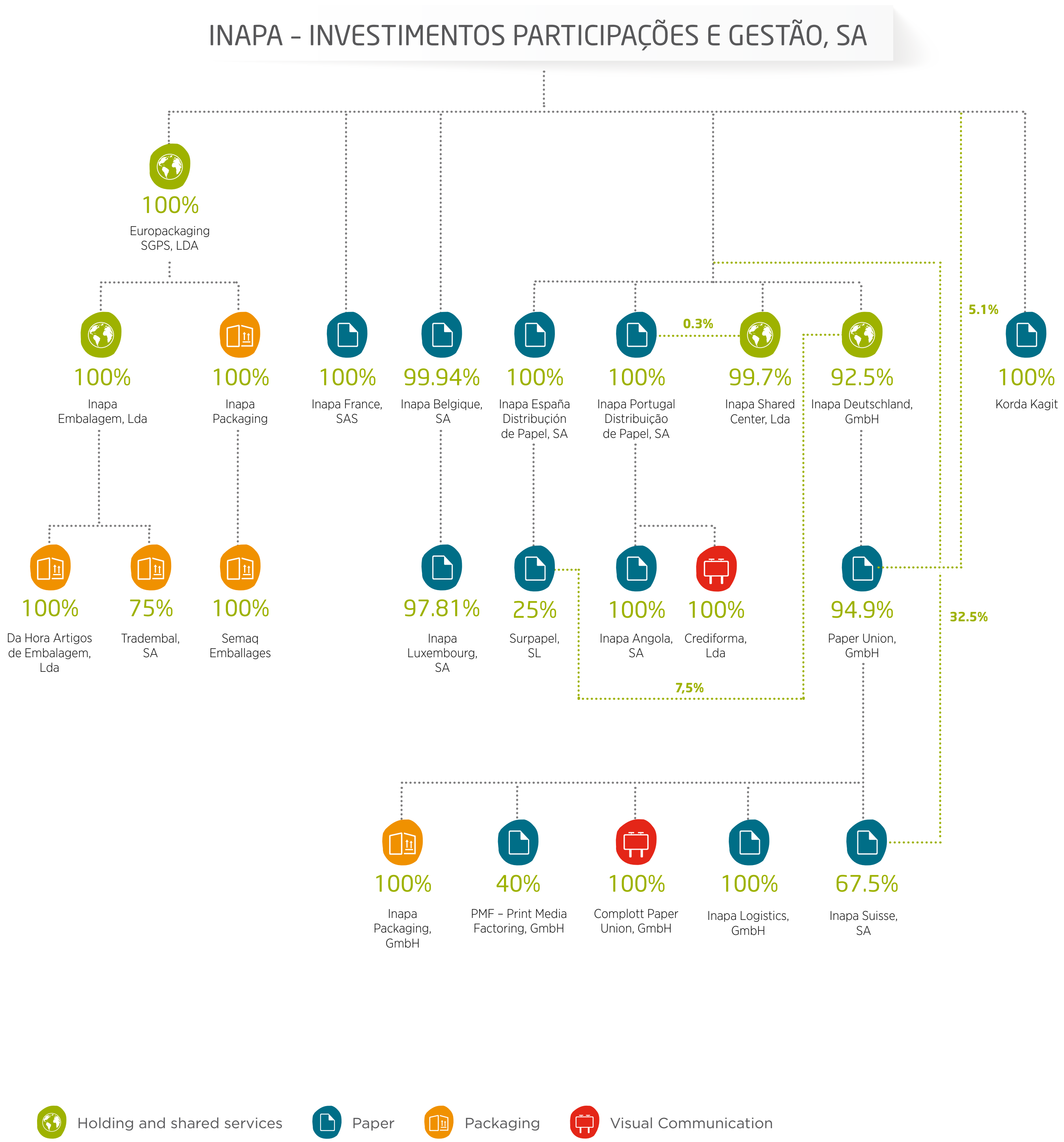
40

warehouses and logistic platforms in Europe

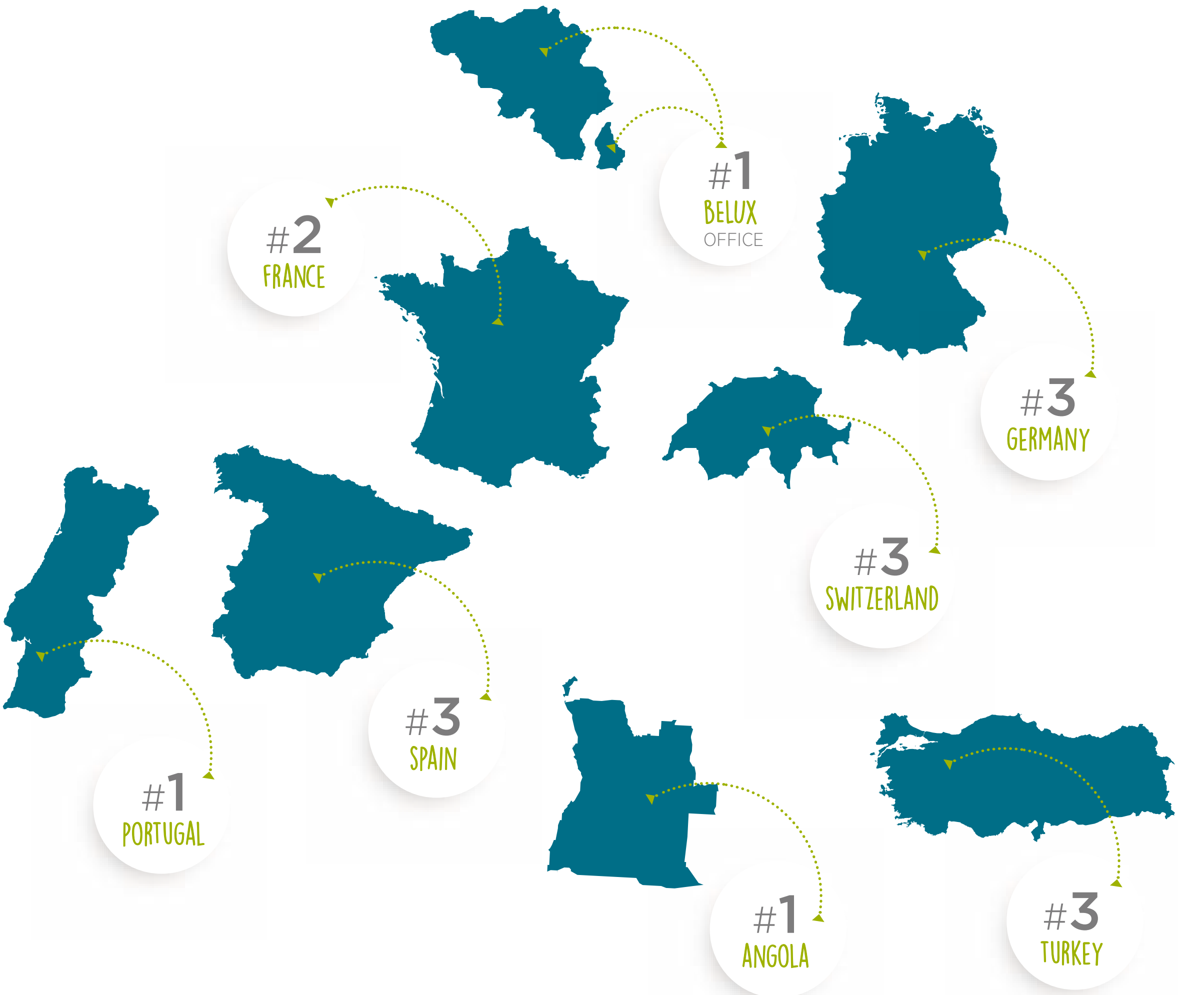
70,000

clients in nine countries

GROUP HOLDING STRUCTURE



IN 2014 INAPA RANKED FIRST AS THE MOST INTERNATIONALIZED PORTUGUESE COMPANY



PAPER

A complete portfolio of products and services for the graphic and office industry, namely paper, printing and office consumables and logistic services.

PACKAGING

Customized solutions, packaging personalization and a wide offer of products: boxes, films, bags, fillings and equipment.

VISUAL COMMUNICATION

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

MESSAGE FROM THE CEO

© Paulo Alexandre Coelho
Diário Económico

2014 was an important year in Inapa's performance consolidation, as the Group conquered an increasingly stronger position in the market, with improved efficiency and the full integration of the previous year acquisitions.

This was also a special year as we were acknowledged by different national and international entities by our performance and strategic positioning, ability to deliver as a team and corporate governance, contributing to our distinct affirmation as the only Portuguese multinational in the paper industry.

We grew in volume and sales, improved our operational results and net profit and reduced the debt. In the strategic plan Inapa strengthened the partnership with key suppliers, completed the reorganization of the packaging business, performed the repositioning plan of our operation in Turkey, which justifies the achievement of the objectives set at the time of investment, and consolidated our operations in Angola.

Consolidated sales grew compared to 2013, exceeding once again € 900 million. In the paper business sales increased, countering the trend of recent years, a performance for which contributed the positive developments in some of the Group's geographies as well as the consolidation of the Turkish operation. The complementary businesses – Packaging and Visual Communication – had a positive progression, driven mainly by the growth in the packaging industry.

We continue to prepare our organization to insure a more efficient response, adjusted to the market challenges of each moment. Our pro-activity is embodied in Agenda 2020, based on four strategic pillars which provide the foundation for the sustainable development of Inapa in the medium term: growth, geographic and business diversification, leadership and financial autonomy.

“We continue to prepare our organization to ensure a more efficient response, adjusted to the market challenges of each moment.”

Improving our operational efficiency is one of the transversal goals, seeking to reduce costs in areas with potential productivity improvement always without jeopardizing the client service level. The excellent cost management, the culture open to change and the commitment of the entire team in achieving the goals set allowed us an operating performance which is a benchmark in the industry.

The successful implementation of Agenda 2020, which requires a careful management of the relation between investment and debt reduction, allowed to respond to the economic slowdown in the Euro zone through operations in emerging markets such as Turkey and Angola. The Turkish operation grew strongly, ensuring good prospects of development founded on the economic growth of that country.

At the same time, the complementary businesses – Packaging and Visual Communication – continued their consolidation having represented about a quarter of the Group’s operating result. The reorganization and consolidation of the packing area in Portugal, France and Germany allowed to optimize the operational performance, improve cross-selling and launch definitively the ground for the construction of a reference position in these markets.

Internationally, we have been recognized for the implementation of our Strategic Plan on the packaging area. Inapa Packaging /Europackaging received the Growth Strategy of the Year award by Acquisition International magazine under the Business Excellence Awards. This distinction recognizes the most respected companies and management teams, identifying internationally case studies of success, innovation and sense of ethics.

In Portugal we were considered the most internationalized Portuguese company, winning the 1st place of the Internationalization Ranking of one of the most prestigious management universities in Portugal (INDEG IUL-ISCTE Executive Education), confirming our profile as a Portuguese multinational company with head office and decision center in Portugal.

The national and international recognition is an additional motivation when we are about to complete our 50th anniversary. Since its founding in 1965, the Group’s presence was extended to new geographies and the scope of business has changed. This is not the same Inapa which was founded 50 years ago but is surely an organization better prepared for the challenges and expectations of the current market. The success for the next 50 years is based on our ability to anticipate the customer needs and exceed the expectations of stakeholders: customers, shareholders, employees, suppliers and partners.

I must acknowledge the contribution of all to this year of growth, consolidation and development. We count on the contribution of each to build the next 50 years of Inapa.

José Félix Morgado
CEO

GROUP PROFILE

Inapa has a leading position in paper distribution in Europe, with annual sales around 900 million euros and a relevant position in all the geographies where the Group operates.

Inapa is the only Portuguese multinational company in the paper and pulp sector and 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 also focused in the distribution of Packaging and Visual Communication solutions as these are business areas with growth and profitability potential.

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

The paper distribution sector in Europe generates around 9 million tonnes employing over 25 thousand people.

With about 850 thousand tonnes annually distributed, Inapa is currently one of the leaders among European distributors of paper.

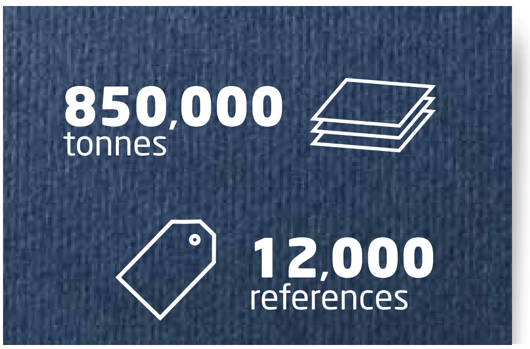
To meet the needs of its 70,000 customers in the 9 countries in which operates, Inapa offers a portfolio of more than 12,000 references of paper.

Inapa positions itself as a full service provider, complementing the paper business with the supply of consumables for the printing and office industry and logistic 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's excellence in the service level is ensured by the wide portfolio of products, their quality and delivery efficiency.

This level of service requires more than 5,000 deliveries per day and is guaranteed from 30 warehouses and logistic platforms.

In 2014, paper distribution represented approximately 85% of Inapa's turnover and the sale of office papers about 25%.



GRAPHIC SUPPLIES

Inapa was the first European paper merchant to deliver to the market a complete range of graphic supplies.

The privileged relationship with clients and the deep technical expertise of the teams make the graphic supplies distribution a logical extension of the distribution of graphic papers. 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, contributing to a generation of value for its customers.

The turnover and penetration achieved together with the recognition of the added 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 excellent synergies with the paper merchanting business.

Inapa's portfolio of graphic supplies was developed based on partnerships with recognized brands, 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 this business development, Inapa has signed new partnerships with well-known brands in the graphic supplies segment which has allowed to expand the products portfolio and foster cross-selling to existing customer base.

PAPER

OFFICE SUPPLIES

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

In order to provide these clients with one single point of contact and 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, aiming to provide those customers the widest range of office consumables and a high level of service.

Inapa currently distributes office supplies in Portugal, Belgium, France, Switzerland, Germany and Spain.

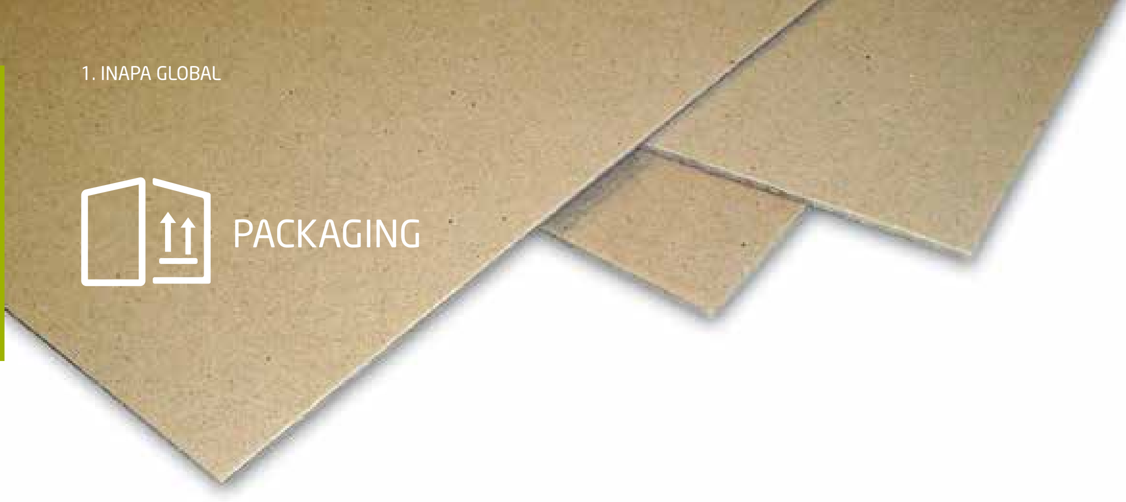
The future will certainly pass by the expansion and development in the markets where Inapa operates, with a very significant potential of growth, together with the introduction of this business model in other countries where the Group operates.

LOGISTICS SERVICES

As a service provider in the printing and packaging businesses, Inapa developed several solutions to meet the needs of its customers. The delivery 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 unique offer when it comes to transportation and storage services – Inapa is able to act as a logistics operator for its customers with the consequent efficiency improvements 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 logistic services for the printing industry.



PACKAGING

Packaging

The distribution of packaging solutions and materials is Inapa's second most important business. With operations in Germany, France and Portugal, this area has multiple synergies with the paper distribution as well as cross selling potential, both for customers in the graphic or office segments.

The European packaging distribution market has a significant size, coexisting generic 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 of online sales – caused a very significant raise in the needs for safe, fast and versatile packaging of all types of products, which anticipates a sustained growth in the consumption over the medium to long term.

Packaging is, in many cases, the first point of contact between customers and suppliers or products and the investment in this area will increase, 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. In 2014 the Group concluded the unification process of the packaging companies in Germany and France that began to operate under the same brand – Inapa Packaging.

VISUAL COMMUNICATION

Visual Communication

The new printing technologies, the innovation of the support materials and the new communication concepts, led to the creation of a specific market, developing and with interesting returns on the invested capital.

Given the potential of this new market, and the strong complementarity with the paper business, Inapa decided in 2007 to acquire Complott, one of the leading operators on the German market.

The Visual Communication is the business segment that has the highest printing industry growth rate, including not only the print media, but also consumables, sales of printing equipment, software and maintenance services.

The fast paced development of digital printing technology in combination with the large format printers have created a new market for graphic applications. The large format printers, operating between 60 centimeters and 5 meters wide, allow the most varied type of impressions in a wide range of media such as paper, canvas, vinyl, film, textile or wood.

These developments allow applications as diverse as outdoor advertising panels, interior advertisement, sign making, prints for use in furniture or domestic appliances, advertising in buildings' roofs and transportation.

In 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 in Portugal, 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 operates.

HISTORY

1965
Inapa Foundation.

1969
PAPER production begins.

1978
Acquisition of J. Gaspar Carreira (Portuguese paper merchant and envelope manufacturer).

1980
Shares are listed in the Lisbon Stock Exchange.

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

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.

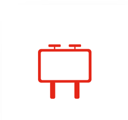
2006

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 • 2011 • 2012

2010

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

2011

Sale of Tavistock Paper Sales (UK).

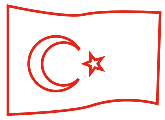
2012

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

•

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

2013



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

•

Acquisition of the Visual Communication company Crediforma (Portugal).

•

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

•

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

2014

Inapa wins the 1st place in the Internationalization Ranking of INDEG-IUL ISCTE Executive Education as the Most Internationalized Portuguese Company.

MARKETS

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

Inapa is the only Portuguese multinational company in the paper and pulp sectors holding a leadership position in all the markets where operates. Although the Group was founded in Portugal, having its headquarters there, most of the revenue comes from operations in other European countries, with Germany and France accounting for about 80% of Group revenue.

The Group provides its more than 70,000 customers, from the several 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 40 warehouses and logistics platforms, the Group annually ensures the placement of about 850 tons of paper to its customers.

In Germany, Inapa owns Inapa Deutschland and, through it, the subsidiaries Papier Union, whose sales represented approximately 55% of the 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 20%.

In France Inapa is the second largest distributor, with this market's sales representing about 22% of the Group sales. In France Inapa holds Inapa France, in the paper business, and Inapa Packaging, in the packaging business area.

Inapa Spain is currently the third largest player in the Spanish market, representing about 6% of consolidated paper sales.

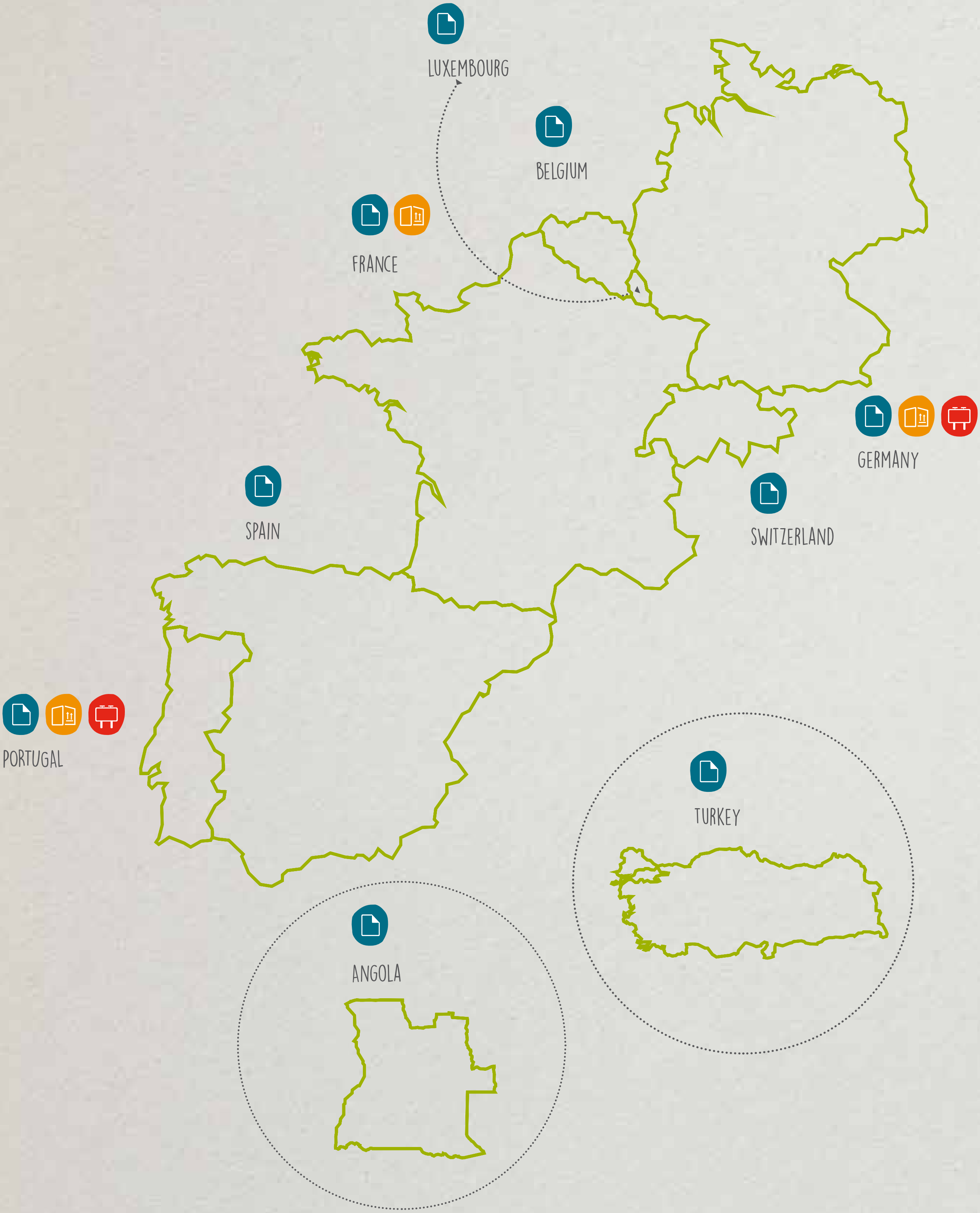
Inapa Portugal is the leader in the Portuguese paper distribution business. The Portuguese subsidiary's sales represent approximately 5% of the Group's paper sales. In Portugal, the group also has Inapa Embalagem, focused in the business of packaging distribution, and Crediforma operating in the visual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

Inapa Switzerland is one of the main merchants in the Swiss market. Inapa has been setting itself apart from the competition 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 to 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 emerging markets. In the last years 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). The Turkish market registered a strong growth in the last years.


LUXEMBOURG
BELGIUM
FRANCE
GERMANY
SPAIN
SWITZERLAND
PORTUGAL
TURKEY
ANGOLA

STRATEGIC GUIDELINES

The Agenda 2020 covers the medium term strategic goals and required initiatives to achieve them.

According to this plan, to improve profitability and strengthen sustainability we have four key vectors:

I. Achieving a sustained growth based on creating value through diversification of markets and business areas;

II. Minimize business risk by reducing the exposure to more mature markets;

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

IV. Reduce the financial leverage.

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

Complementary business can give an extra contribution for sustained growth and diversification. Over the past three years Inapa doubled the business, reaching more than 120 million euros in sales per year. The Group results are a reference in the sector. In terms of innovation, Inapa has also a leading position: it was the first paper merchant to cross-sell graphic consumables and office supplies and developed the packaging business and visual communication at a much faster pace.

Inapa aims to build a leading position in the European market for packaging distribution, focusing on 5 major markets (Germany, France, Switzerland, Spain and Portugal). At the same time, should establish Visual Communication business in these markets. The cross-selling in our paper customers will continue to play an important role to boost our organic growth.

Regarding paper, the European markets are already highly concentrated, with the six major paper distributors owning a market share of over 90% in all markets. There are few growth opportunities and strong pressure on margins. Our growth should be conducted in emerging markets with growth potential and profitability, where synergies can be maximized. We anticipate a great potential for value creation because in these markets i) the paper consumption per capita is still relatively low; ii) few international distributors established and; iii) limited access to the European reference paper producers.

Inapa aims, in the medium term, to enter in at least one more emerging market establishing a leading position (in the top 3). This will allow to reduce the Group exposure to paper markets in economies that have limited growth projections: in the medium term, the paper business in the five major markets should represent less than 75% of sales and 60% of consolidated operating results.

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.

Finally, regarding our financial independence, the Group will continue the effort to reduce furthermore the financial leverage, to achieve a sustainable financial structure through cash flow generation and asset sales.

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.

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 82

José Manuel Félix Morgado
VICE-CHAIRMAN OF THE BOARD
CHAIRMAN OF THE EXECUTIVE COMMITTE
Election Year 2007 – Age 54

Jorge Manuel Viana de Azevedo Pinto Bravo
MEMBER OF THE BOARD /EXECUTIVE COMMITTEE
Election Year 2010 – Age 52

António José Gomes da Silva Albuquerque
MEMBER OF THE BOARD /EXECUTIVE COMMITTEE
Election year 2010 – Age 62

Arndt Jost Michael Klippgen
MEMBER OF THE BOARD
Election Year 2007 – Age 64

Emídio de Jesus Maria
MEMBER OF THE BOARD
CHAIRMAN OF AUDIT COMMITTEE
Election year 2008 – Age 63

Gonçalo Cruz Faria de Carvalho
MEMBER OF THE BOARD /AUDIT COMMITTEE
Election Year 2013 – Age 48

João Miguel Pacheco de Sales Luís
MEMBER OF THE BOARD /AUDIT COMMITTEE
Election Year 2013 – Age 55

EXECUTIVE COMMITTEE

José Manuel Félix Morgado
CHAIRMAN

Jorge Manuel Viana de Azevedo Pinto Bravo

António José Gomes da Silva Albuquerque

AUDIT COMMITTEE

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

PARPÚBLICA

MILLENNIUM BCP

CHARTERED ACCOUNTANT AND AUDITORS

Pricewaterhouse Coopers & Associados, SROC, Lda represented by José Pereira Alves
CHARTERED ACCOUNTANT

José Manuel Henriques Bernardo
ALTERNATE CHARTERED ACCOUNTANT

CORPORATE GOVERNANCE

GENERAL ASSEMBLY OF SHAREHOLDERS

BOARD OF DIRECTORS

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

REMUNERATIONS COMMITTEE

AUDIT COMMITTEE

Emídio Maria *Chairman*
Gonçalo Faria Carvalho
João Sales Luís

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 internal organization for approval by the Board of Directors;

ÁLVARO PINTO CORREIA

ANTÓNIO ALBUQUERQUE

EMÍDIO MARIA

JOÃO SALES LUÍS

- 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, 2014, shareholders with qualified holdings in conformity with the revisions of articles 16 of the CVM were as follows:

	ORDINARY SHARES	% OF ORDINARY SHARES	PREFERENCIAL SHARES	% PREFERENCIAL SHARES	% VOTING RIGHTS
Parpública – Participações Públicas SGPS, SA	49,084,738	32.72%			8.26%
Shares attributed to CGD	2,762	0.002%	148,888,866	49.47%	25.07%
CGD Pensões – Sociedade Gestora de Fundos de Pensões, SA	1,262	0.001%			0.00%
Caixa Banco de Investimento, SA	1,500	0.001%			0.00%
Parcaixa – SGPS, SA			148,888,866	49.47%	25.07%
Shares attributed to Millennium BCP	26,986,310	17.99%	121,559,194	40.39%	32.94%
Fundo de Pensões do Grupo BCP	16,491,898	10.99%	45,810,827	15.22%	13.81%
Banco Comercial Português, SA	10,494,412	7.00%	75,748,367	25.17%	19.12%
Novo Banco, SA			27,556,665	9.16%	6.11%
Nova Expressão SGPS, SA	9,500,000	6.33%			2.11%
Total of qualified participations	**85,573,810**	**57.05%**	**298,004,725**	**99.01%**	**74.49%**

The trading volume of ordinary share in 2014 was 88.1 million shares, representing 59% of the issued capital in ordinary shares. According to article 16 of CVM during the year there was no communication of new qualified stakes.

All qualified stakes represent 57.05% of the total capital represented by ordinary shares, which puts the free-float of this title in 42.95%.

All qualified stakes represent 99.01% of the total capital represented by preferred shares, which puts the free-float of this title in 0.99%.

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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 and Ethical aspect of Inapa.

Our HR policies are based on seven objectives: equal treatment of all employees; 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 according to the needs of functional areas and the evolution of the market and business performance. The reorganization of the packaging business in Germany (merger of Realpack and Inapa Packaging) and the assignment of additional responsibilities to the Inapa Shared Center also impacted this process.

The effect of all these reorganization actions and commercial and operational resizing resulted in a decrease of 43 employees compared with the same period last year, setting up in 1427 the average number of employees of all group companies in 2014.

Reflecting the composition of the business, 78% of the total workforce is engaged in the paper distribution area.

EVOLUTION OF EMPLOYEES' PER GROUP SUBSIDIARY

BUSINESS AREA	COMPANY	COUNTRY	2014	2013	2012	2011	
Paper	Paper Union	Germany	588	617	634	662	
	Inapa France	France	201	221	238	263	
	Inapa Suisse	Switzerland	75	79	79	81	
	Inapa Portugal	Portugal	73	78	82	108	
	Inapa España	Spain	85	85	89	110	
	Inapa Belgique	Belgium	29	29	29	33	
	Inapa Luxembourg	Luxembourg	2	2	4	4	
	Inapa Angola	Angola	10	9	10	5	
	Korda	Turkey	54	51	n.a.	n.a.	Acquisition in Oct/2003
	PMF	Germany	n.a.	n.a.	n.a.	3	Sold in 2012
Packaging	Inapa Packaging	Germany	75	78	71	72	
	Logistipack	France	29	25	27	25	
	Semaq	France	22	30	29	n.a.	Acquisition in 2012
	Inapa Embalagem	Portugal	0	0	7	n.a.	Started in 2012
	Da Hora	Portugal	24	23	18	n.a.	Acquisition in 2012
	Tradembal	Portugal	25	20	n.a.	n.a.	Acquisition in Sep/2013
Visual Communication	Complott PU	Germany	68	67	71	63	
	Crediforma	Portugal	8	10	n.a.	n.a.	Acquisition in Mar/2013
Holding	Inapa IPG	Portugal	18	19	19	26	
Shared Services	Inapa Shared Center	Portugal	41	27	20	n.a.	Started in 2012
Total			1,427	1,470	1,427	1,455	

In order to achieve the strategic goals of Inapa Group the employee's weight in complementary businesses increased representing 18% in 2014. Also reflecting the need to adapt the Group processes and operations to the business evolution, and with the aim of increase the efficiency, create value, reduce costs and provide better services to the Group, the shared center grew to 4% of the total number of employees in the Group.

Individually, and considering the totality of the business, Germany accounts for 51% of total Group employees, a little less weight than in the previous year and equivalent to its share in consolidated sales. The slight variation was also due to the reorganization of packaging in Germany.

France, the second largest market of the Group, with a weight of 22% in sales, is also the second largest employer with 252 employees, which represent 18% of the total workforce. The adjustment made in Inapa France followed the reorganization of logistics and distribution.

In Spain, after a process of consolidation and reorganization in 2012 and 2013, the number of employees in 2014 was the same as in the year before.

In Portugal, after a year of 2013 was marked by the restructuring of the packaging business and the entry in the visual communication business, the number of employees in 2014 stood approximately the same.

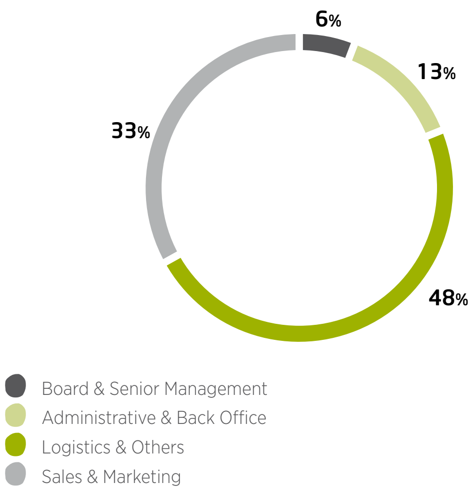
Inapa Shared Center, a shared services company, continues its expansion in order to extend the activity to an increasing number of the Group companies. After all changes, the number of employees is 189, a growth of 12 employees compared to the previous year.

Switzerland, with 75 employees, reduced 3 employees compared to the previous year and represents about 5% of the Group total.

The remaining countries have now 95 employees (increased 4 employees compared to last year) mainly due to a slight variation in Korda (Turkish paper company acquired in 2013), representing 7% of the Group's workforce.

The following table illustrates the breakdown of our employees by occupational categories

EMPLOYEES PER FUNCTIONAL AREA



Given the Group's commercial nature, logistic and transport represent 33% of the total staff and sales and marketing represent 48% and are the most representative functional areas. Administrative, technical and back-office personnel account for 13% 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 2013.

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 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 9.7% 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 approximately 90% 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, Inapa Packaging (France), 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.

On note 3 of the consolidated financial accounts there is more detailed information about the management of the different natures of financial risks (market, receivables, concentration of credit lines and liquidity risk).

On notes 8 and 9 of the consolidated financial accounts it can be analysed the goodwill and intangible assets with their impairment and sensitivity tests.

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.

SUSTAINABILITY

Two of the grounding pillars of corporate sustainability are environmental and social responsibility. The third pillar is, by definition, economic responsibility.

We dedicate the following pages to the environment and social topics while the economic aspect is approached along the Report.

Environmental responsibility

Environmental sustainability is one of the Group's commitments, shared both by the management team and all employees. Inapa has a responsible and precautionary approach to environmental challenges promoting environmental protection initiatives that fully comply with all laws and EU or local regulations.

The environmental commitment of the Group is based on the following pillars: i) legal compliance; ii) environmental certification of subsidiaries and product supply chain; iii) proactive product management around the environment topic and; iv) efficient management of the operations carbon footprint.

I) LEGAL COMPLIANCE

Compliance with legal regulations and rules applicable in the different areas is one of the Inapa concerns.

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 products, 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.

At the same time, the sense of business ethics made it adopted a code of conduct for suppliers in the larger Group market: Germany. This document clearly establishes criteria and requirements applicable to all suppliers seeking to ensure their legal compliance in areas such as employees' rights, environmental management and anti-corruption policies.

Currently, 92% of German services and 75% of paper deliveries are recorded under this Code allowing the Papier Union – German Group subsidiary – to give our customers a comprehensive guarantee regarding the legal and ethical framework for its supply chain.

Inapa

Declaration

about Wood Species and its Origin used for Inapa Products

Code of Conduct for Suppliers of products and services

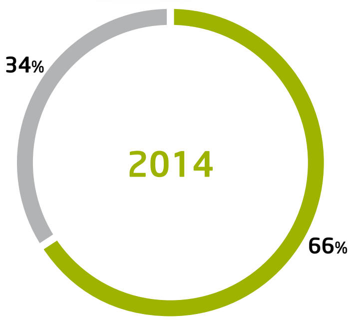
II) ENVIRONMENTAL CERTIFICATION

Inapa is engaged in the various certifications correlated using independent external bodies in order to ensure environmental compliance in the management of the chain of custody of products sold and remove from its value chain materials that have illegal origin. As a result of this effort the Inapa Group's operations are certified to the strict FSC – Forest Stewardship Council (four operations achieved re-certification in some cases for the second time) and in parallel in standard PEFC ™ (Programme for the Endorsement of Forest Certification).

A responsible product management, together with proactive sales activities have increased the share of environmental friendly papers in 2.6% at a time when the standard products share decreased 2.1%. The main driver of this growth was an above average selling FSC® papers, which increased 9.6%, offsetting the marginal reduction of the print medium PEFC™ business. We highlight the performance of Switzerland, where sales of FSC papers achieved a share of 78%.

Overall, the FSC/ PEFC and recycled products weighed about 66% of all sales in 2014. The same is to say that 2 out of 3 sheets of paper sold to our customers are certified to the highest ecological standards of the market.

ECO PRODUCTS MIX



- FSC/ PEFC and recycled
- Others

III) PROACTIVE PRODUCT MANAGEMENT

The continuous growth of the environmental friendly solutions is an important part of the Group's commitment to excellence, corresponding directly to market requirements and customers. Inapa developed a management strategy of eco-friendly products in order to increase the market share of this segment while retaining the focus on high levels of efficiency in the management of stocks and working capital. The growth in the number of eco brands (6.4%) together with marginal decrease in the standard products (-0.8%) shows considerable progress in the optimization of the Group's ecological portfolio. The share of certified papers in larger product families and in the biggest markets where the Group operates exceeds 80% – like the German case where 83% of total sales of WFC and 73% of total sales of paper are certified papers.

France introduced a plan to raise awareness of the sales teams regarding environmental issues, improving their skills in this area. The aim is also to increase the ability to respond to clients regarding environmental topics and their end customers' doubts, expanding the customer service and providing information on relevant issues in this area, such as environmental labeling, certification and REACH compliance, among others.

Together with Ecofolio, an initiative of French industry paper, Inapa France launched an information campaign that meets the new requirements of a circular economy that aims, among other things, increase the paper recycling rates.

IV) OPERATIONS CARBON FOOTPRINT

One of the Groups' commitments is the continuous and ongoing management of environmental performance, and the measurement and improvement of business impact on carbon emissions is an important element of the environmental policy of the Group. In 2014 Inapa Switzerland completed the evaluation of the company's carbon footprint, in accordance with the Greenhouse Gas Protocol. This mechanism has allowed not only to identify the emission factors but also take specific measures to reduce emissions. It was also made available a customer service to provide information on each sale regarding their emissions with an option for neutral emissions. This information tends to be increasingly requested by customers whose environmental concern is more evident. In 2015 Inapa plans to extend this evaluation mechanism to other subsidiaries.

a) Energy efficiency improvement

Once again, in 2014, the efficiency improvement of lighting systems had a positive impact to reduce the energy consumption, allowing for even lower emissions of greenhouse gas related to the production of electricity.

In three central warehouses of Inapa Belux, France and Germany the lighting was replaced by newer intelligent systems, and a similar intervention is planned for three other Inapa locations in 2015. This investment has enabled a reduction in the annual energy consumption of 650 kWh or 360 tons of CO_2e (CO_2 equivalents) in Germany alone, while improving the overall working conditions of the operation.

The paper transportation from Inapa's warehouses to the customer sites is a central part of the distribution process, reason why the Group keeps a continuous effort to improve operating performance in this area. In 2014, the logistic optimization allowed to maximize load efficiency with a specific route management software and ongoing analysis of alternative delivery options. It was possible to reduce the total number of deliveries, with higher loading efficiency and lower levels of CO_2 emissions associated with transportation.
Given that most of the Group operating companies don't own its truck fleet, Inapa has negotiated with its transportation suppliers the requirements and carbon dioxide emissions standards set by the European Union. This demand is extended to Inapa's own fleet in Germany, while Inapa France also reduced emissions by optimizing routes and introducing an eco-bonus program in the fleet management.

Inapa Switzerland started a green transportation program that combines the use of truck and train, offering logistic services with improved environmental performance and reducing 52 tons of CO_2 per year.

b) Use of renewable energies

The intensification of the usage of renewable sources energy in the Group operations is essential to reduce the energy consumption in a sustainable way. In 2014, the German subsidiary started a program that aims to ensure that all of the electricity consumed comes from suppliers using low emission technologies and renewable resources such as water and wind. 20% of electricity was provided under this program, reducing emissions by 210 tons of CO_2e per year.

	CERTIFICATIONS			
	FSC	PEFC	ISO 9001	ISO 14001
Inapa Portugal	✓	✓	✓	✓
Inapa Spain	✓	✓	✓	✓
Inapa France	✓	✓	-	-
Inapa Switzerland	✓	-	✓	-
Inapa Belux	✓	✓	-	-
Korda	✓	✓	-	-
Papier Union	✓	✓	-	-

Social Responsibility

Despite the industry challenges, Inapa Group considers social responsibility as an essential contribution to build a sustainable future, fair and balanced, which is why endorses several responsibility initiatives in the countries where it operates.

On behalf of the employees and shareholders, the Group has a socially responsible posture believing that some small gestures can make a difference and contribute to improve the community. Through its subsidiaries, the Group annually responds positively and selectively to a set of requests coming from organizations to support cultural and sports at a local, national or international level.

Inapa Portugal made in kind donations to a diverse set associations, which included ENTRAJUDA – Apoio a Instituições de Solidariedade Social, Mãos Unidas Padre Damião, Associação Mãos Libertas, Associação Psicólogos Católicos e Associação Cultural – Isto não é um Cachimbo. In the sports area the company sponsored the participation of employees in a marathon.

In Portugal and Spain was carried out an initiative with students from the Escuela Superior de Diseño de Madrid, Escola Massana from Barcelona and IADE Creative University of Lisbon for the creation of the Inapa 2015 Calendar, based on a creative interpretation of famous paintings. 2,500 copies of the calendar were printed and distributed among the main customers of both countries.

In Germany, it was made an in kind donation to the project “Hamburg Feel-Good-Morning” that helps homeless or deprived people. During one morning these people can access to a healthy breakfast, hot bath, massage, haircut, live music, counseling and personal support. In the “Hamburg Feel-Good-Morning” a professional photographer takes a photo of each person and these pictures are published in a book whose sales return to the project. The book was printed on “Inapa infinity gloss” and “Silk” paper provided by Papier Union, German subsidiary of Inapa.

Inapa France kept the protocols with two employers of people with disabilities that provide maintenance of the main logistics hub located in Corbeil and recycling of packaging and pallets used in product shipment. As in 2013, grants were awarded to Portuguese students who showed good results and a donation was made to France AVC (NGO that studies the stroke). Carton Service – packaging area of Inapa in France – has developed a partnership with service centers to employ people with disabilities.

Inapa Switzerland supported the “Swiss Special Olympics”, backing the training of two children with special needs throughout the year. Additionally, supported the professional training of two trainees in logistics. These trainees were coached by Inapa employees in the scope of a mentoring program developed according to the guidelines of the Swiss Association for Vocational Training, giving a diploma at the end. Over the past few years, three of these trainees had the opportunity to go full-time in Inapa in the end of the internship program.

Additionally, Inapa Switzerland provided internships for young talents with little professional experience giving the opportunity to work with the company’s management team and develop more complex tasks, creating their own professional networking. At the same time, in partnership with the Bunau Foundation, Inapa Switzerland supported the education of young talents with special needs in the commercial and management areas in a protected environment. It was also made available a protected place of labor integration for people with physical or psychological problems, in collaboration with the “IV-Zürich” and the support of “Minira Integration”. Inapa Switzerland also supports local schools and foundations with paper donations which is used by children in ateliers, by elderly or people with special needs.

Social responsibility is a part of the Group’s culture aiming the well-being and development of the involved communities.

GIVE NEW WORLDS TO THE INAPA WORLD

In 2014 it was considered the most internationalized Portuguese company* with an average score of 92% on the considered criteria.

The new frontiers of the Group mean a sustained growth, supported by a strategy of approach to high potential emerging markets. Independently of the geography, Inapa's success is and will continue to be based on the commitment of the employees and the trust of customers and partners in us.

Obrigado! Thank You! Danke! Merci! Gracias! Teşekkür ederim!

** Study developed by INDEG, one of the most prestigious Portuguese universities.*

2014
INTERNATIONALIZATION
AWARD

PRESENCE IN 9 COUNTRIES

02

SUMMARY OF GROUP ACTIVITY

850

thousand tonnes of annual sales

12,000

paper references

180

thousand square meters of storage area

MAIN ACTIVITY INDICATORS

MILLION EUROS	2014	2013	2012	2011	14/13
Tonnes (´000)	837	798	833	885	4.9%
Sales	909.5	888.7	926.7	986.5	2.3%
Gross margin	165.9	164.0	166.7	174.0	1.2%
Gross margin %	18.2%	18.5%	18.0%	17.6%	*-0.3 pp*
Operational costs [1]	137.6	136.4	140.1	145.9	0.9%
Provision for currents assets	3.8	4.2	9.0	2.9	-9.2%
Re-EBITDA	24.5	23.4	17.5	25.2	4.7%
Re-EBITDA margin (%)	2.7%	2.6%	1.9%	2.6%	*0.1 pp*
EBIT (%)	18.3	17.1	10.7	17.4	7.1%
EBIT margin (%)	2.0%	1.9%	1.2%	1.8%	*0.1 pp*
Net financial costs	15.9	14.9	16.7	20.4	6.9%
EBT	2.5	1.9	-4.7	-3.1	27.9%
Net income	2.1	1.3	-6.0	-6.2	63.3%
ROCE (%)	10.4%	9.2%	6.8%	8.8%	*1.2 pp*
Market capitalization [2]	78.1	**105.2**	**69.2**	**78.2**	-25.7%
Net debt [3]	316.7	341.2	346.1	357.7	-7.2%
Interest coverage	1.5x	1.6x	1.0x	1.2x	*-0.1 x*
Working capital	147.3	159.2	162.9	190.2	-7.5%

[1] Net 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 cost, 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

FEB

28.02.2014
Change in the company headquarters.

MAR

19.03.2014

Notice of the Annual General Meeting.

2013 results announcement.

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APR

04.04.2014
Communication of reduction under 2% of the qualifying holding of Tiago Moreira da Silva Trindade Salgado.

10.04.2014
Annual General Meeting.

16.04.2014
Communication of Banco Comercial Português, SA on the qualifying holding of 32.94%.

23.04.2014
Information to the shareholders that preferred shares are now granting voting rights.

24.04.2014
Announcement of dividend payment according to what was deliberated at the General Meeting held on April 10th.

30.04.2014
Communication of Banco Espirito Santo, SA on the qualifying holding of 6.11%.

MAY

02.05.2014
Communication of Caixa Geral de Depósitos, SA on the qualifying holding of 33.14%.

Communication of Parpública, SGPS, SA on the qualifying holding of 10.88%.

08.05.2014
Announcement of Share Capital decrease of Inapa - Investimentos, Participações e Gestão, SA from € 204,176,479.38 to €180,135,111.43.

12.05.2014
Dividend payment to preferred shares.

21.05.2014
1st Quarter 2014 results announcement.

JUN

16.06.2014
Inapa is the Winner of the Corporate Governance Award, for the 4th consecutive year.

JUL

10.07.2014
Notice of the Extraordinary General Meeting.

22.07.2014
Amendment to the Notice for the Extraordinary General Meeting.

25.07.2014
Inapa Packaging receives the award for the best "Growth Strategy".

AUG

06.08.2014
Extraordinary General Meeting.

22.08.2014
Announcement by Parcaixa related to the obligation of a Public Acquisition Offer by the State, Parpública or Parcaixa.

28.08.2014
Injunction of social deliberation suspension interposed by Nova Expressão, SGPS, SA.

1st Half 2014 Results announcement.

OCT

30.10.2014
3rd Quarter 2014 results announcement.

NOV

03.11.2014
Inapa is considered to be the most internationalized Portuguese company.

10.11.2014
Notice of the position attributable to Novo Banco, SA.

SUBSEQUENT EVENTS

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

ECONOMICAL CONTEXT

Macroeconomic context

In 2014 the world economy grew 3.3%, less 0.4 percentage points than forecasted, due to the worsening of some risk factors in the second half of the year that slowed the growth of the first half, namely geopolitical tensions, stagnation or very low growth in developed economies and the slowdown in emerging markets.

For 2015 it is expected a growth in global economic activity of only 3.5% reflecting the weak outlook for China (+ 6.8%), Russia (-3.0%), Euroarea (+ 1.2%), Japan (+ 0.6%) and oil-exporting countries as a result of the significant fall in prices (only + 1.8%). The United States are the only developed world economy whose growth prospects have improved with an expected growth of 3.6% for 2015, slightly higher than the one expected for the world economy.

In 2014, after the negative growth occurred in 2013, the Euro area, which concentrates more than 90% of Inapa Group's activity, returned to growth, although still at weak levels (only 0.8%), and has presented signs of stagnation in the 2nd quarter of the year. Inflation, already negative in some countries, continued to decline reflecting the reduced demand that exists in the area. For 2015 it is expected that the European economy continues to recover moderately due to the persistent high rate of unemployment that will not allow a growth of the domestic demand and the weak growth prospects of exports given the weak growth prospects of emerging markets and oil producing countries. If the monetary support program decided by the ECB induces into assets acquisition in the market, it may, if its objectives are achieved, introduce in the European economy, factors that could encourage its growth.

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

COUNTRY	2012	2013	2014 P	2015 E	2016 E	2012-2014 P	2014 P-2016 E
Germay	0,9	0,1	1,5	1,5	2,0		
France	0,3	0,3	0,4	1,0	1,8		
Spain	-1,6	-1,2	1,2	1,7	2,2		
Portugal	-3,2	-1,4	1,0	1,6	1,7		
Belgium	-0,1	0,3	1,0	1,1	1,4		
Luxembourg	-0,2	2,0	3,0	2,6	2,9		
Euro Zone	**1,4**	**-0,5**	**0,8**	**1,3**	**1,9**		
Switzerland[1]	1,0	1,9	1,3	-0,5	0,0		
Turkey	2,2	4,0	3,0	3,5	3,7		

Eurostat, SECO (Switerland) and World Bank (Turkey).

[1] The 2015 and 2016 estimates reflect recent analyzes to the impact of the Swiss franc appreciation made by the KOF Swiss Economic Institute.

The expectations that pointed to an overall improvement of the relevant economies where Inapa operates were confirmed (exception made to Switzerland and Turkey that maintained growth rates above the ones seen throughout the Eurozone). For 2015 it is foreseen that the economic recovery will continue on all of them, subsisting however a doubt as to the evolution of the Swiss franc value and the impacts that may occur in the local economy.

Sector framing

During 2014 the market instability prevailed in the Eurozone even though there has been a general improvement of the various economic indicators such as Gross Domestic Product (GDP). Among with the growth of demand sustained in monetary policy measures, there was an improvement in financial conditions and some progress on fiscal consolidation and implementation of structural reforms. However, a less positive development in other indicators such as unemployment and inflation continued to focus the expectations of economic agents. After three consecutive years of decline in demand, Europe posted in 2014 a slight increase in paper and board consumption estimated to be between 0.5% and 1.0%.

With regard to the evolution of paper for graphic arts, printing and writing, industry statistics reveal that coated woodfree papers have suffered a decline by 2% over the same period while the uncoated woodfree papers have registered a growth of around 1%.

The coated woodfree papers maintain an overcapacity of production estimated at around 600 to 850kt in Europe, which along with others factors contributed to maintain the pressure on prices and margins.

Also according to these statistics, paper sales volume in the five major Inapa markets (Germany, France, Switzerland, Spain and Portugal) have grown up around 1% with different behaviors. While the variation was positive in Germany (+ 1%), Portugal (+ 3%) and Spain (+ 5%) France and the Swiss market fell by about 1%. These data constitute the aggregate volumes of coated and uncoated papers - totaling between 80 to 85% of marketed paper – and do not include the remaining subfamilies which includes specialties, cardboard, self-adhesive, and others.


MEMOLINOS

CONSOLIDATED PERFORMANCE

In 2014 Inapa consolidated sales grew around 2% over the same period of previous year, reaching 909.5 million euros. In the paper business sales increased 3% compared to 2013, due to a positive evolution in some of the countries where the Group operates and the consolidation of the operation in Turkey. Complementary businesses – packaging and visual communication – had a positive progression, driven by the growth in the packaging sector set at around 4%.

In 2014 the demand for graphic and printing and writing papers continued to be influenced by a slow economic recovery in the Eurozone that continued to induce a strong pressure on prices and sales margins. In this context, the average selling paper price fell by around 3%, partially offset by the improvement on sales mix. The growth of complementary businesses with the respective generation of average margins supported a global gross margin of 18.2%, 0.2 percentage points below 2013. The systematic strategy applied to defend the sales margin allowed the Group to maintain the balance and sustainability of its operational structure.

Over 2014 the strict management of operational costs led to a 1.4 percentage points reduction of operational costs over sales, reaching 137.6 million euros. The sales increase was complemented by an improvement in efficiency, namely on the distribution costs, personnel expenses and administrative expenses.

The amount of customer impairment in 2014 decreased around 9% to 3.9 million euros compared with the same period of the previous year, representing 0.4% of sales. This positive progression is the result of a prudent commercial policy on the analysis of the risk of collection of the portfolio of customers, in articulation with the Group credit insurance company.

As a result of the sales increase and the control on expenses, recurrent EBITDA grew by 5% compared to 2013 to 24.5 million euros, representing 2.7% of sales.

Given the challenges faced by the Group, both on the macroeconomic side and on the prospects of paper business development, Inapa has adopted a diversification strategy of its business areas, diversifying the markets where it operates and improving the profitability backed on the defence of margin levels and increased operating efficiency.

In the period under analysis Inapa maintained a significant effort of adjustment of the business model and organization. The non-recurring costs of 1.1 million euros, whose positive effects will be reflected in its fullness on the next year reporting, are due primarily to logistical and organizational restructuring occurred in France, Germany and Spain.

Operational results (EBIT) increased 7.1% to 18.3 million euros, 1.2 million euros higher than in the previous year, representing 2.0% of sales.

The expansion of the Group's perimeter as a result of the acquisitions occurred in 2013 and the gradual upward trend in the reference rates witnessed during most part of 2014 was only partially offset by the lower average debt resulting from an increase on the cash flow generated by the operational activity. Consequently, the financial results in 2014 increased 7% to 15.9 million euros, a rise of 1.0 million euros compared to 2013.

Consolidated earnings before taxes were 2.5 million euros, compared with 1.9 million euros in the previous year, i.e. an improvement of 28%.

In 2014 the net income was of 2.1 million euros, representing an improvement over 2013 of 63% corresponding to 0.8 million euros.

Working capital decreased by 12 million euros to 147 million euros, compared with 2013. This evolution reflects the constant improvement in the management of working capital based on a strict control of inventory levels and receivables days adjusted to the business evolution.

Consolidated net debt on December, 31 2014 was 317 million euros, representing a decrease of about 24 million euros compared with the previous year. This variation results from the increase in the cash flow generated by the activity alongside with the optimization in the working capital management.

During 2014 Inapa Group continued with the execution of the strategy settled to the medium and long term aiming to reduce its financial leverage in order to achieve a more sustainable financial structure. This goal seeks to align the debt maturity with the expected future cash flow generation and put debt levels closer to the industry benchmark. Within this context, it has already been possible to conclude with the major financing banks renewal agreements and the reschedule of repayment plans, which led to a ratio of 58% of non-current debt compared with 43% a year earlier.


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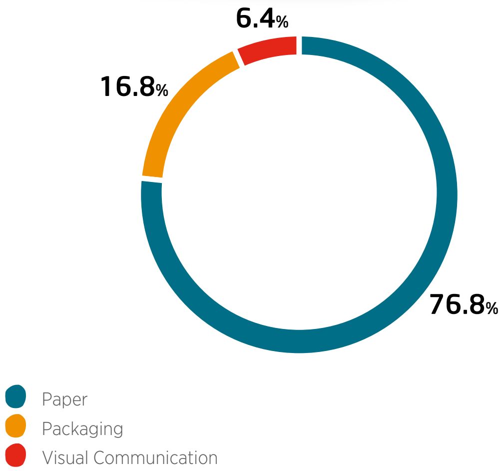
PERFORMANCE OF THE GROUP'S BUSINESS AREAS

In 2014, the market environment and the development of the main business indicators associated with paper distribution for the graphic and printing and writing industry confirmed the acuity of the diversification strategy designed by Inapa, both geographically to emerging markets such as Turkey and of the business portfolio for the development of complementary businesses of packaging and visual communication. As already mentioned, the overcapacity installed on the supply side and the structural impacts associated with the digital media era continued to generate a strong pressure on prices and distribution margins, that the Group systematically opposes with its continuous search for higher efficiency. The complementary businesses grew 2.6% to 96.6 million euros, an increase of 2.5 million euros compared with 2013: packaging business increased 3.8% while visual communication levelled over the same period of last year.

The relative weight of complementary businesses in total consolidated sales was of 11%, with a contribution of 23.2% to the Group operating profits (EBIT).

EBIT BY BUSINESS AREA



Paper

Sales in volume increased 4.9% compared with 2013, from 798 thousand tonnes to 837 thousand tonnes.

The strategic plan Agenda 2020 aims as one of its objectives to the geographical diversification by entering into emerging markets with a potential for growth and profitability, in order to reduce the exposure to more mature markets. The modest economic growth of the Eurozone in 2014, the overcapacity installed and the growing impact, due to the substitution effect of technology on paper consumption, led to a slowdown in the growth of the paper business, in organic terms. The increase in sales reflects primarily the contribution arising from the entry in the Turkish market.

Paper sales in value grew by 2.3%, standing at 812.9 million euros, compared with 794.6 million euros in 2013. In 2014 the Group maintained a strong commercial focus on improving the mix of marketed papers and have still continued to increase the penetration in customers with packaging, visual communication and graphic and office supplies, whose sales reached 27 million euros in 2014.

Due to the imbalances between demand and supply mentioned above, the average paper selling price fell by € 25 per tonne from 967 to 941 euros compared with 2013.

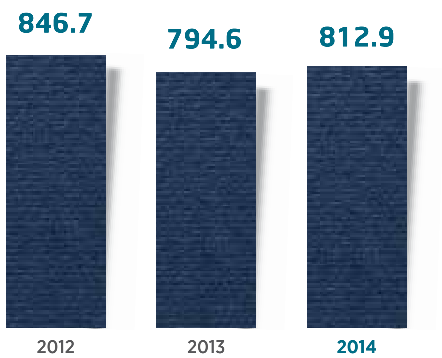
The constant management initiatives of the distribution margin throughout 2014 and the improvement of the mix of products sold partly offset the decrease registered in the average selling price. In comparison with 2013 it was registered a reduction in gross margin of 0.3 percentage points, to 16.8% over sales.

In terms of operational costs Inapa kept a continued policy in search of operational excellency by adapting the operational structure alongside with the demand and market competition levels. As a result of the expansion of the Group perimeter in 2013, operating costs before impairments recorded an increase of 0.6%. On a pro-forma basis operating costs decreased EUR 1.5 million compared to the same period of last year. It is noteworthy the efficiency improvement in terms of i) distribution costs reduction with the average cost of distributed tonne reduced by about 8%, ii) the reduction of employees whose impact will be reflected in fullness in 2015 and iii) the reduction of the administrative costs in terms of sales, translated by the synergies captured on shared services.

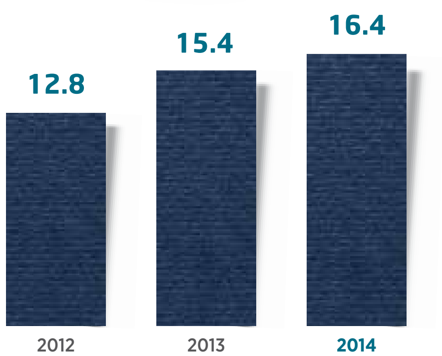
Operating results (EBIT) of the paper business maintain the expected performance and represented 2.0% of sales and standing at 16.4 million euros, a rise of 1.0 million euros compared with the same period last year.

Overall, there is an improvement in the paper business performance due to positive sales growth, coupled with an effort of business and operational model adjustment together a strict management of operating costs.

SALES
Million euros



EBIT
Million euros



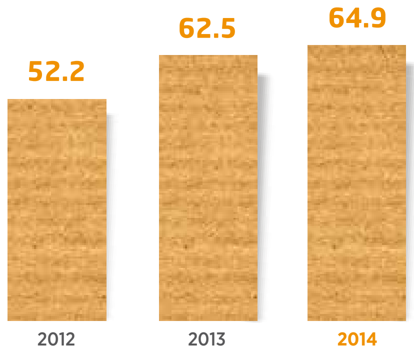
Packaging

Packaging business accounted for 73 million euros of Inapa group sales. Excluding cross-selling it stood at 64.9 million euros, a 4% growth over 2013. Despite the positive progression, it should be noted that in the year under review, and as a result of the operations acquired in the previous two years, it was undertaken a redefinition of the national business organization in Germany and Portugal.

In 2014 the packaging market remained broadly stable. In this context, Inapa boosted the growth of its sales through an aggressive strategy to increase the penetration on big accounts and by extending its business to new geographical areas in the markets in which it operates. Inapa's increase of activity was also driven by direct sales of the online channel, customer service center and the Bag in Box alongside of a dynamic offering of value-added services to strengthen customer loyalty.

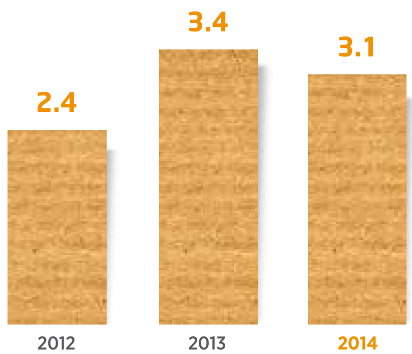
Operational results (EBIT) of the packaging companies were of 3.1 million euros, settling at 4.7% of sales. The strong pressure on margin levels was partially offset by the resulting scale effect of business growth combined with the reorganization performed in the business model allowing the achievement of better commercial terms with suppliers along with the improvement of efficiency based on optimizing means to the business and consequently the cost structure.

SALES*
Million euros



* Direct sales, excluding cross-selling

EBIT
Million euros



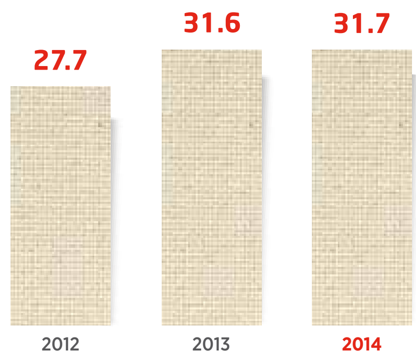
Visual communication

Visual communication business maintained a stable progression, with total sales accounting for 40 million euros. Excluding cross-selling sales were of 31.7 million euros in 2014. In the year under review the reorganization of the operation in southern Germany and the reinforcement of the internal structure were concluded.

The different business areas registered different trends. Digital printing continued to have positive growth rates due to the innovations introduced in the market, such as Latex, which have accelerated the change of offset technology of solvent inks materials. Sales of equipments increased driven by higher incentive to investment and by the reduction in interest rates, while the technical assistance services maintained a steady evolution.

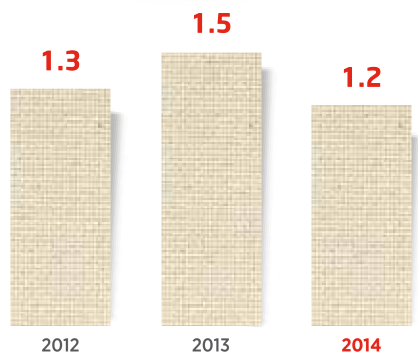
Operational results (EBIT) were of 1.2 million euros, representing 3.7% of sales.

SALES*
Million euros



* Direct sales, excluding cross-selling

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 2.1 million euros, which compares with a result of 1.3 million euros in the previous financial year.

According with the new SNC accounting standards, 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 12.2 million euros. Operational results in 2014 were of 10.2 million euros.

Total equity on December the 31st was of 191.3 million euros. Total net assets amounted to 377 million euros and compares with 376 million euros of the previous year.

OUTLOOK FOR 2015

The GDP growth prospects in the Eurozone present a positive outlook for 2015, along with the maintenance of the Euribor reference rates at very low levels. However, the deflation scenario remains a threat with all its implications for the consumption and investment retraction.

In the paper market and more specifically in the Euro area, the overcapacity installed, in production and distribution, will be a determining factor on the evolution of the sector. On the production side, the excess capacity installed for coated papers will persist despite the announcements and forecast of production facilities closure. This fact alone will remain a cause of pressure on prices and margins or, at the least, a restraint to maintain or even raise sales prices.

Regarding the distribution, it is expected that some consolidation in the sector may occur, either by the exit of one of the players from some European markets, either by possible mergers and acquisitions of domestic operations in some European countries.

In this context full of challenges, Inapa Group holds as strategic goals the organic growth, whether based on a diversification to markets with growth potential, or through the packaging and visual communication businesses. The development of the business will be supported by improved operational efficiency and enhanced sustainability variables that continue to deliver recurring cash flow generation and operations profitability.

Inapa will remain focused on a policy of margin protection alongside with a strict credit risk management, seeking selective sales growth and retention of its customer portfolio, reinforcing the efficiency of business resources and operational costs.

For the complementary businesses of packaging and visual communication, the Group's strategy will continue to rely on organic growth through an increased expansion in the markets where it operates along with increased boosting of the cross-selling. Inapa will also remain attentive to new investment opportunities that show prospects for growth, profitability and value creation according to the standards that have been adopted by the Group in recent years.

In terms of balance sheet the Group continues to pursue the goal of achieving a more balanced position between business growth and debt reduction in order to strengthen its financial structure and ensure sustainability in the medium term. The on-going efforts to improve the debt maturity profile of the current debt will be continue.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STOCK EXCHANGE PERFORMANCE

2014 was marked by a mixed market behavior, with an appreciation during the first half of the year and a correction during the second half. European economies grew slightly below initial estimates particularly in the third quarter. At the national level, the first half was marked by the foreign intervention program of Portugal and respective “clean exit” of the program.

In aggregated terms, the Portuguese market registered a decrease over the previous year, with depreciation of the PSI-20 of 27%.

The ordinary shares of Inapa in the first quarter registered a strong appreciation, reached a maximum price of € 0.37. The second half of the year was marked by a period of depreciation of the quotation, following the registered domestic market evolution. On a year end basis, the price of the stock felt 32%, from 0.22 euros to 0.15 euros.

EVOLUTION OF THE ORDINARY SHARES QUOTE IN 2014

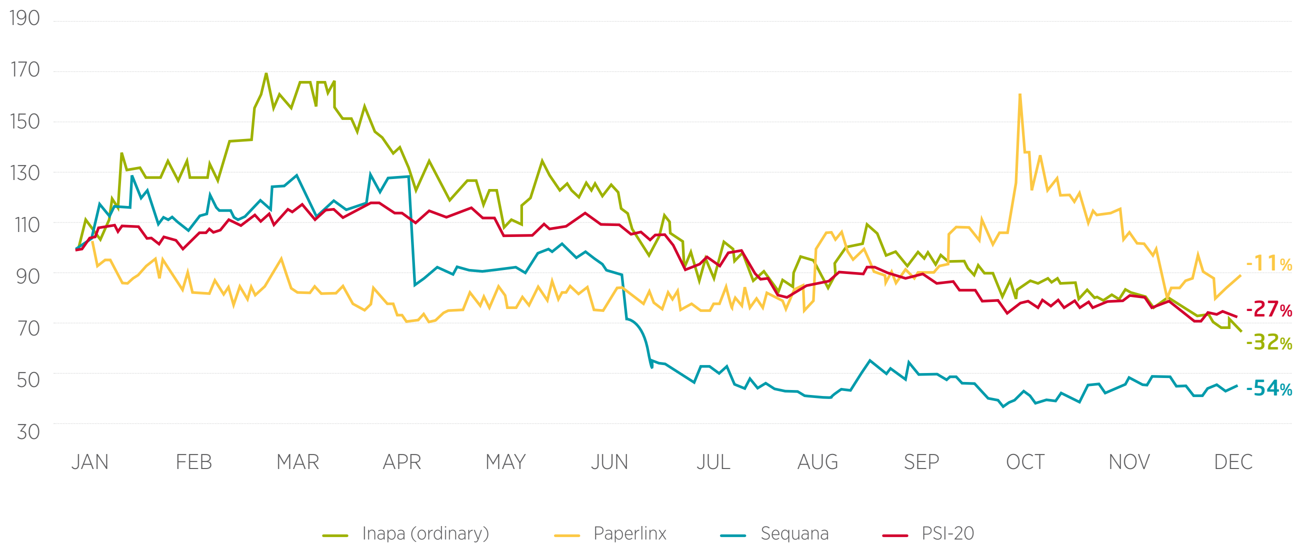
LEGEND OF GRAPH

1. Notice for the Annual General Meeting and 2013 annual results announcement (19 March).
2. Reduction under 2% of the qualifying holding of Tiago Moreira da Silva Trindade Salgado (4 April).
3. Annual General Meeting (10 April).
4. Qualified stake of BCP of 32.94% (16 April).
5. Information to the shareholders that preferred shares are now granting voting rights (23 April).
6. Preferred shares dividend payment announcement (24 April).
7. Qualified stake of BES of 6.11% (30 April).
8. Qualified stake of CGD of 33.014% and Parpública of 10.88% (2 May).
9. Capital share reduction to €180,135,111.43 (8 May).
10. Payment of the dividend to the preferred shares (12 May).
11. 1st quarter 2014 results announcement (21 May).
12. Notice of Extraordinary General Meeting (10 July).
13. Extraordinary General Meeting (6 August).
14. Notice of Parcaixa about the term of the obligation to launch a public acquisition offer (22 August).
15. Injunction of social deliberation suspension interposed by Nova Expressão, SGPS, S.A. and 1st Half 2014 results announcement (28 August).
16. 3rd quarter 2014 results announcement (30 October).
17. Communication of the position attributable to Novo Banco, SA (10 November).

The evolution of Inapa title continued to be influenced by the Portuguese market context, despite its diminutive weight in consolidated sales, and by the company's indebtedness level.

When we compare the performance of the title to comparable entities, it is clear that the remaining companies in the sector also registered falls in the stock price, and in the case of Sequana, a higher fall than Inapa.

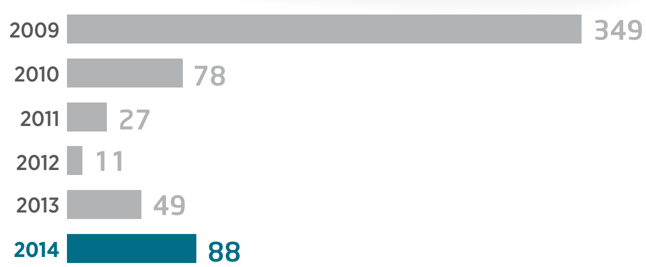
INAPA SHARE PRICE EVOLUTION VS. PSI20 VS. COMPARABLES 2014



Inapa shares transaction volumes during 2014 continued the positive trend registered in the last years. During the year, particularly in the first quarter, there was a boost on the shares turnover, with an increase of 80% when comparing with 2013.

In 2014 preferred shares had a higher turnover than previous years. During the year one million and forty seven thousand shares were traded, about three times more than the previous year, ending the year with a price of 0.22 €. This development represented a decrease of 8% over the closing price of 2013, a smaller decline than ordinary shares and the market.

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 2014 and, as so, does not own any of its own shares.

AUTHORIZATIONS 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, totalling € 2,078,488.82 euros, be applied as follows:

- Legal Reserve: 104,332.19 euros.
- Other reserves : 1,973,533.63 euros.
- Retained earnings: 623.00 euros.

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 2014 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, 2015

Álvaro João Pinto Correia
Chairman of the Board of Directors

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

Arndt Jost Michael Klippgen
Member of the Board of Directors

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

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

Emídio de Jesus Maria
Director and Chairman of the Audit Committee

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

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

INAPA PACKAGING: AN ACKNOWLEDGED STRATEGY.

We have been building a reference position in the packaging industry, with operations in France, Germany and Portugal.

The Group has taken an active role in the consolidation of the packaging industry, seeking to build a European leadership position in packaging, similar to what happens in the paper business. Good prospects for growth and profitability, combined with the synergies within the Group at a logistical and commercial level led to Inapa Packaging to receive in 2014 the Award for “Best Growth Strategy”, granted by Acquisition International magazine.

2014 BUSINESS EXCELLENCE AWARDS

INAPA PACKAGING
EUROPACKAGING

03

FINANCIAL INFORMATION

73

million euros of packaging sales

2.1

million euros net income

23%

contribution of complementary business to the Group operational results

CONSOLIDATED ACCOUNTS

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

ASSETS	NOTES	DECEMBER 31, 2014	DECEMBER 31, 2013
NON-CURRENT ASSETS			
Tangible fixed assets	7	86,487	92,997
Goodwill	8	164,520	148,535
Other intangible assets	9	114,725	112,984
Investment in associate companies	10	1,077	1,068
Available-for-sale financial assets	11	39	40
Other non-current assets	15	7,045	24,232
Deferred tax assets	12	23,055	22,347
Total non-current assets		**396,949**	**402,203**
CURRENT ASSETS			
Inventories	13	62,957	67,895
Trade receivables	14	134,705	141,913
Tax to be recovered	15	6,172	8,444
Available-for-sale financial assets		-	-
Other current assets	15	31,977	31,110
Cash and cash-equivalents	16	31,831	24,835
Total current assets		**267,643**	**274,197**
Total assets		**664,592**	**676,399**

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

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

SHAREHOLDERS EQUITY	NOTES	DECEMBER 31, 2014	DECEMBER 31, 2013
Share capital	18	180,135	204,176
Own shares	19	-	-
Share issue premium	19	450	450
Reserves	19	44,752	43,832
Retained earnings	19	-36,097	-57,085
Net profit for the period		2,078	1,273
		191,318	192,648
Non controled interests	21	**133**	**1,211**
Total shareholders equity		**191,452**	**193,859**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	22	156,560	111,436
Financing associated to financial assets	22	44,878	47,002
Deferred tax liabilities	12	23,853	23,854
Provisions	23	344	307
Liabilities for employee benefits	24	8,022	4,594
Other non-current liabilities	25	6,721	6,032
Total non-current liabilities		**240,377**	**193,225**
CURRENT LIABILITIES			
Loans	22	147,101	207,599
Suppliers	25	50,409	50,592
Tax liabilities	25	12,617	12,310
Other current liabilities	25	22,636	18,815
Total current liabilities		**232,763**	**289,315**
Total shareholders equity and liabilities		**664,592**	**676,399**

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

CONSOLIDATED SEPARATE INCOME STATEMENT AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

	NOTES	DECEMBER 31, 2014	4TH QUARTER 2014*	DECEMBER 31, 2013	4TH QUARTER 2013*
Tonnes*		**837,467**	**206,730**	**798,024**	**215,979**
Sales and service rendered	26	919,266	230,493	898,849	241,064
Other Income	26	23,251	5,622	22,412	5,004
Total Income		**942,517**	**236,115**	**921,261**	**246,068**
Cost of sales	13	-751,948	-188,257	-733,313	-195,165
Personal costs	27	-79,482	-20,986	-76,904	-20,749
Other costs	28	-87,257	-21,097	-88,592	-23,062
		23,830	**5,775**	**22,454**	**7,092**
Depreciations and amortizations	29	-5,648	-789	-5,658	-1,533
Gains/losses in associates	10	9	14	-7	-
Net financial function	30	-15,738	-3,551	-14,872	-3,864
Net profit before Income tax		**2,451**	**1,449**	**1,916**	**1,695**
Income tax	31	-483	-272	-563	-619
Net profit/(loss) for the period		**1,968**	**1,177**	**1,353**	**1,076**
Attributable to:					
Shareholders of the company		2,078	1,289	1,273	1,113
Non controlling interests		-110	-113	80	-37
Earnings per share of continued operations (euros)					
Basic	20	0.005	0.008	0.002	0.002
Diluted	20	0.005	0.008	0.002	0.002

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

	DECEMBER 31, 2014	4TH QUARTER 2014*	DECEMBER 31, 2013	4TH QUARTER 2013*
Net profit for the period before minority interest	**1,968**	**1,177**	**1,353**	**1,076**
Items that will not be reclassified to profit or loss				
Acturial gains/losses	-3,200	-	371	-
Items that may be reclassified subsequently to profit or loss				
Change in value of available-for-sale financial assets	-	-	-	-
Currency translation differences	191	13	-510	-538
Income recognized directly in equity	**3,009**	**13**	**-139**	**-538**
Total comprehensive income for the period	**-1,041**	**1,190**	**1,214**	**538**
Attributable to:				
Shareholders of the company	-931	1,303	1,134	575
Non controlling interests	-110	-113	80	-37
	-1,041	**1,190**	**1,214**	**538**

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

* Non audited.

CONSOLIDATED CASH FLOW STATEMENT AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

	NOTES	DECEMBER 31, 2014	4TH QUARTER 2014*	DECEMBER 31, 2013	4TH QUARTER 2013*
CASH FLOW GENERATED FROM OPERATING ACTIVITIES					
Cash receipts from customers		957,114	245,582	938,984	257,371
Payments to suppliers		-773,347	-200,162	-759,039	-218,313
Payments to personnel		-78,536	-20,554	-75,909	-20,184
Net cash from operational activities		**105,232**	**24,866**	**104,036**	**18,875**
Income taxes paid		-1,208	34	-4,459	-342
Income taxes received		1,332	-339	569	192
Other proceeds relating to operating activity		22,815	1,264	28,586	4,171
Other payments relating to operating activity		-68,610	-9,463	-111,518	-40,765
Net cash generated from operating activities	|1|	**59,561**	**16,362**	**17,213**	**-17,869**
NET CASH GENERATED FROM OPERATING ACTIVITIES					
Proceeds from:					
Financial investments		-	-	24	-
Tangible fixed assets		6,286	4,281	1,215	291
Intangible assets		-	-	-	-
Interest and similar income		3,030	220	1,146	198
Dividends		-	-	31	9
		9,315	**4,501**	**2,415**	**498**
Payments in respect of:					
Financial investments		-1,427	-32	-2,811	-1,510
Tangible fixed assets		-3,450	-650	-3,628	-1,719
Intangible assets		-1,644	-857	-1,890	-867
Advances from third-party expenses		-	-	-	-
Loans granted		-	-	-	-
		-6,522	**-1,539**	**-8,328**	**-4,096**
Net cash used in investing activities	|2|	**2,794**	**2,963**	**-5,914**	**-3,598**

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

CONSOLIDATED CASH FLOW STATEMENT AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

	NOTES	DECEMBER 31, 2014	4TH QUARTER 2014*	DECEMBER 31, 2013	4TH QUARTER 2013*
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from:					
Loans obtained		75,420	14,553	74,916	28,485
Capital increases, repayments and share premiums		-	-	-	-
Treasury placements		-	-	-	-
Changes in ownership interests		-	-	-	-
		75,420	**14,553**	**74,916**	**28,485**
Payments in respect of:					
Loans obtained		-66,261	-1,888	-117,090	-16,082
Amortization of financial leases		-1,181	-517	-855	-182
Interest and similar expenses		-18,280	-5,578	-13,378	-4,108
Dividends		-542	-	-	-
		-86,264	**-7,983**	**-131,322**	**-20,373**
Net cash used in financing activities	|3|	**-10,844**	**6,570**	**-56,406**	**8,113**
Increase/(decrease) in cash and cash-equivalent	|4| = |1| + |2| + |3|	51,511	25,895	-45,107	-13,355
Effect of exchange differences		-93	-26	-9	4
		51,419	**25,869**	**-45,116**	**-13,350**
Cash and cash-equivalents at the begining of period		-107,162	-	-62,045	-
Cash and cash-equivalents at the end of period	16	-55,744	25,869	-107,162	-13,350
		51,419	**25,869**	**-45,116**	**-13,350**

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, 2014 AND DECEMBER 31, 2013

(Amounts expressed in thousand 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, 2013	**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	-	-	-
Total of gains and losses of the period	-	-	-	-	-	-	-102	-102
Dividends	-	-	-	-	-	-	-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	**204,176**	**450**	**4,612**	**-17,865**	**1,273**	**192,648**	**1,211**	**193,859**
BALANCE AS AT JANUARY 1, 2014	**204,176**	**450**	**4,612**	**-17,865**	**1,273**	**192,648**	**1,211**	**193,859**
Total earnings and costs recognized in the period	-	-	191	-3,200	2,078	-931	-110	-1,041
Previous year net profit and loss result	-	-	-	731	-731	-	-	-
Dividends	-	-	-	-	-542	-542	-102	-644
Capital reduction to retained earnings coverage	-24,042	-	-	24,042	-	-	-	-
Other changes	-	-	-	143	-	143	-866	-723
Total of gains and losses of the period	**-24,042**	**-**	**191**	**21,716**	**805**	**-1,330**	**-1,078**	**-2,408**
BALANCE AS AT DECEMBER 31, 2014	**180,135**	**450**	**4,803**	**3,851**	**2,078**	**191,318**	**133**	**191,452**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2014

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

NOTE 1

Introduction

Inapa-Investimentos, Participações e Gestão, SA (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: 180,135,111 Euros
N.I.P.C. (Corporate Tax Identification Number): 500 137 994

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

These consolidated financial statements were approved by the Inapa – IPG's Board of Directors on March 19, 2015, 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, 2014.

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 35.

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 5.

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 35). 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 8. 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. Inter-company transactions, balances and dividends distributed between Group companies and unrealized gains are eliminated during the consolidation process. Unrealized 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 10). 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 unrealized gains from inter-company transactions, are eliminated in the consolidation process, to the extent of the Group's holding in the associate. Unrealized losses are also eliminated, unless they cannot be recovered due to evidence of impairment.

The investments in associates are described in Note 10.

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 8). 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 amortized 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: 0.7825 euros;
- GBP Exchange rate used for converting balance sheet items: 0.8769 euros;
- CHF Exchange rate used for converting income statement items: 1.2024 euros;
- CHF Exchange rate used for converting balance sheet items: 1.2127 euros;
- USD Exchange rate used for converting income statement items: 1.2141 euros;
- USD Exchange rate used for converting balance sheet items: 1.3285 euros;
- Turkish Lira Exchange rate used for converting income statement items: 2.9042 euros;
- Turkish Lira Exchange rate used for converting balance sheet items: 2.8207 euros.

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 9) 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 amortized using the straight line method over a period varying from three to twelve 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 7 and 22).

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 32 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 amortized 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 recognised at fair value and are subsequently measured at amortised cost in accordance with the effective interest rate.

Financial liabilities are derecognised 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 derecognised 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 22 and 37).

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 17). 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 recognised 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 recognised 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 than 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, recognised 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 recognised 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 recognised in the accounts, when relevant. The recognised 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 recognised 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 23).

2.21. Employee benefits

Pension plan – defined benefit plans

The subsidiaries Inapa France, SA and Papier Union, GmbH and Inapa Switzerland 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 recognised 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 recognised 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 recognised 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 recognised 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 15 and 25).

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 6. 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 recognised in the consolidated financial statements, being included in the Notes to the financial statements (see Note 33), unless the possibility of achieving the outflow of funds affecting future economic benefits is remote, in which case they are not included. Provisions are recognised for the situations satisfying the conditions set out in Note 2.20.

Contingent assets are not recognised 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 39).

2.27. New standards, interpretations and amendment to the standards

After 1 January 2014 the following standards, interpretations and amendments to existing standards came into effect following their publication by the IASB, by IFRIC and their adoption by the European Union:

- IAS 27 (revision 2011) – Consolidated and Separate Financial Statements;
- IAS 28 (revision 2011) – Investments in Associates;
- IAS 32 (amendment) – Offset of Financial Assets and Liabilities;
- IAS 36 (amendment) – Disclosures of Recoverable Amount for Non-Financial Assets;
- IAS 39 (amendment) – Financial Instruments: Recognition and Measurement;
- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- Changes to IFRS 10, IFRS 11 and IFRS 12 – Transition regime;
- Changes to IFRS 10, IFRS 12 and IAS 27 – Investment entities.

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

IASB and IFRIC published new standards, amendments to existing standards and interpretations, the application of which is still not obligatory for the period beginning until 1 January 2014 as they have not been adopted by European Union. These standards are either not relevant in the context of the present financial statements or Inapa has opted not to adopt them before time:

- IAS 1 (amendment) – Disclosures review (effective for annual periods beginning on or after January 1, 2016. This amendment is still subject to endorsement by the European;
- IAS 16 and IAS 38 (amendment) – Methods of calculating depreciation and depreciation allowed (effective for annual periods beginning on or after January 1, 2016). This amendment is still subject to endorsement by the European Union;
- IAS 16 and IAS 41 (amendment) – 'Agriculture: plants that produce consumable biological assets' (effective for annual periods beginning on or after January 1, 2016). This amendment is still subject to endorsement by the European Union;
- IAS 19 (amendment) – Defined benefit plans – Employee contributions' (effective for annual periods beginning on or after July 1, 2014). This amendment is still subject to endorsement by the European Union;
- IAS 27 (amendment) – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016). This amendment is still subject to endorsement by the European Union.
- IFRS 9 (new) – Financial instruments – accounting and measurement (effective for periods beginning on or after 1 January 2018); this amendment is still subject to endorsement by the European Union.
- IFRS 11 (amendment) – Accounting for the acquisition of an interest in a joint operation' (effective for annual periods beginning on or after January 1, 2016) .This is still subject to endorsement by the European Union;
- IFRS 14 (new) – Tariff deviations' (effective for annual periods beginning on or after January 1, 2016). This standard is still subject to endorsement by the European Union;
- IFRS 15 (new) – Revenue from contracts with customers' (effective for annual periods beginning on or after January 1, 2017). This standard is still subject to endorsement by the European Union process;
- Changes to IFRS 10 and IAS 28 – "Sale or assets contributions between an investor and its subsidiary or Joint-Venture" (effective for annual periods beginning on or after January 1, 2016). This standard is still subject to endorsement by the European Union;
- Changes to IFRS 10 and IAS 28 – "Investment Entities: exemption of the Consolidation obligation" (effective for annual periods beginning on or after January 1, 2016). This standard is still subject to endorsement by the European Union;

- IFRIC 21 (new) – Levies, Government taxes (effective for annual periods beginning on or after June 17, 2014);

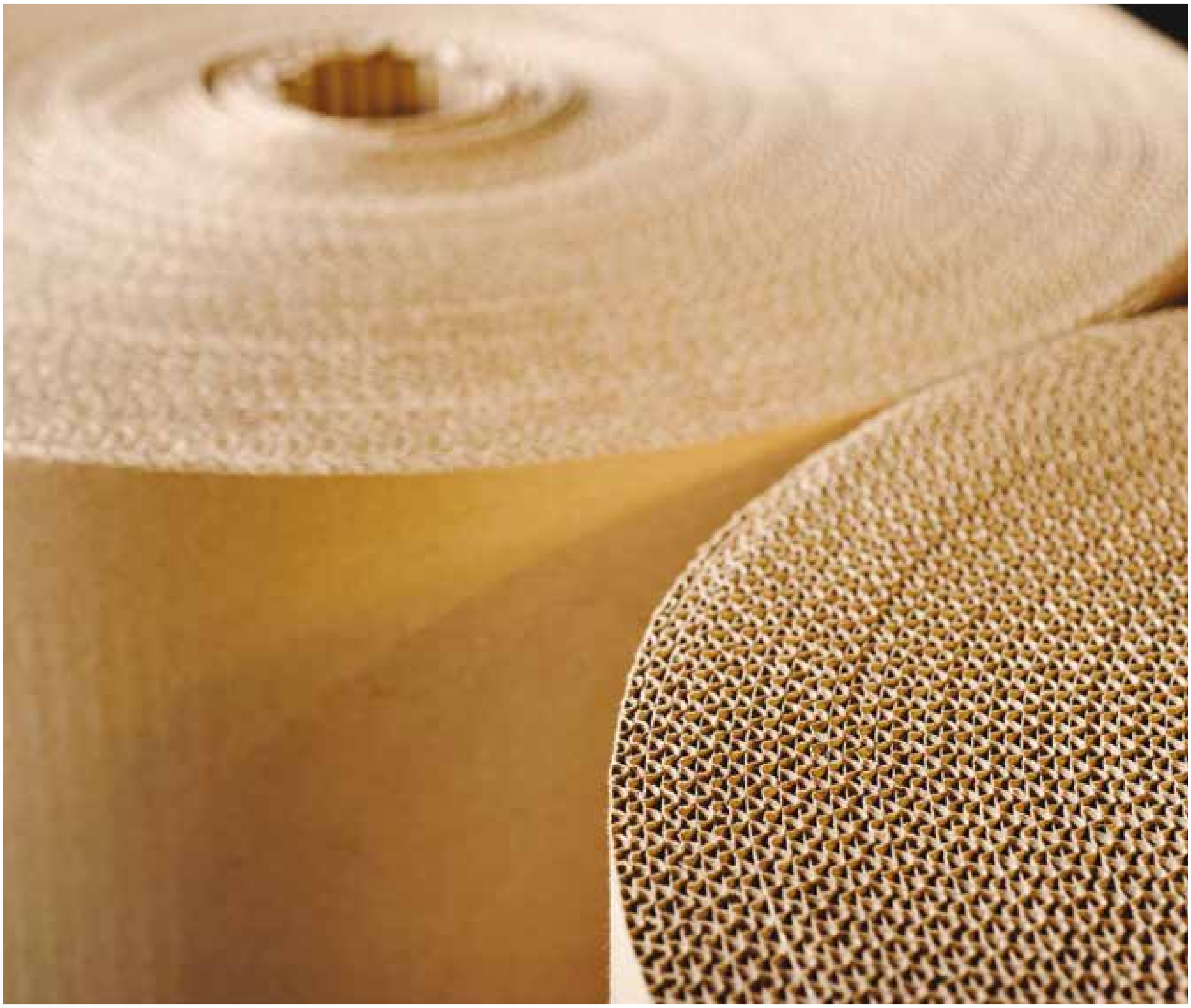
- Improvements to standards 2010 – 2012, (applicable in general to periods beginning on or after July 1, 2014). These improvements are still subject to endorsement by the European Union. This cycle of improvement affects the following standards: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38;

- Improvements to standards 2011-2013, (applicable in general to periods beginning on or after July 1, 2015). These improvements are still subject to endorsement by the European Union. This cycle affects the normative improvements following: IFRS 1, IFRS 3, IFRS 13 and IAS 40.;

- Improvements to standards 2012 – 2014, (applicable in general to periods beginning on or after July 1, 2015). These improvements are still subject to endorsement by the European Union. This cycle affects the normative improvements following: IFRS 5, IFRS 7, IAS 19 and IAS 34.

In the preparation of these financial statements the Group has not early adopted any of these standards.

According to the analysis made by Inapa, does not expect that the implementation of the amendments and new standards referred to above, which are not yet mandatory for the periods beginning on January 1, 2014, has significant impact on the financial statements of the Group with its entry into force.



NOTE 3

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 analyzed and, when considered necessary, measures are taken to minimize 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 9.9% 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.

DECEMBER 31, 2014	EURO	GBP	CHF	USD *	TRY	TOTAL
ASSETS						
Cash and cash equivalents	28,240	-	2,070	545	976	31,831
Trade receivables and other assets	154,748	-	7,139	1,378	10,464	173,728
Available-for-sale assets	24	-	16	-	-	39
Total financial assets	**183,012**	**-**	**9,224**	**1,923**	**11,440**	**205,598**
LIABILITIES						
Loans and other financial instruments	342,677	-	1,663	132	4,066	348,538
Suppliers and other liabilities	75,816	-	2,705	366	879	79,766
Total of financial liabilities	**418,493**	**-**	**4,368**	**498**	**4,945**	**428,304**
Balance sheet – net financial position	**-235,481**	**-**	**4,856**	**1,425**	**6,495**	**-222,706**
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**

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

On December 31, 2014 a positive variation of the Euro on 1% against other currencies would result in a negative impact on Equity of 128 thousand euros (December 31, 2013: 31 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, 2014, 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 348 thousand Euros (December 31, 2013: 366 thousand Euros).

On December 31, 2014 and 2013 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:

DECEMBER 31, 2014	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
ASSETS						
Non current assets						
Available-for-sale financial assets	-	-	-	39	-	39
Other receivables	-	1,977	-	-	-	1,977
Current						
Available-for-sale financial assets	-	-	-	-	-	-
Other receivables	-	790	-	-	-	790
Cash and cash equivalents	31,831	-	-	-	-	31,831
Total of financial assets	**31,831**	**2,767**	**-**	**39**	**-**	**34,637**
LIABILITIES						
Non current						
Loans	1,000	49,714	97,480	659	338	149,192
Financing associated to financial assets	44,877	-	-	-	-	44,877
Other liabilities - leases	7,368	-	-	-	-	7,368
Current						
Loans	79,805	44,812	20,334	482	93	145,527
Other liabilities - leases	1,574	-	-	-	-	1,574
Total of financial liabilities	**134,624**	**94,526**	**117,815**	**1,141**	**432**	**348,538**
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	**153,639**	**90,564**	**119,689**	**1,621**	**522**	**366,037**

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 recognised 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 2014 and 2013, the ageing of trade receivables balances and the credit limit for the customer portfolio were as follows:

	2014		2013	
	CUSTOMERS	OTHER FINANCIAL ASSETS	CUSTOMERS	OTHER FINANCIAL ASSETS
Current accounts not due	107,086	35,767	110,114	54,660
Past due accounts				
1 to 30 days	8,634	-	8,863	42
31 to 90 days	7,234	-	6,102	27
+ than 91 days	8,313	3,255	11,976	614
	131,267	**39,022**	**137,055**	**55,343**
Doubtfull accounts	25,056	1,122	26,981	4,239
Impairment	-21,618	-1,122	-22,123	-4,239
Net trade receivables balances	**134,705**	**39,022**	**141,913**	**55,343**
Trade credit insurance limit	**813,245**		**393,505**	

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, 2014 and 2013, in accordance with the asset balances, categorised by operating segment:

DECEMBER 31, 2014	PAPER SUPPLY	PACKAGING	VISUAL COMMUNICATION	OTHER BUSINESS AND ACTIVITIES	TOTAL
ASSETS					
Cash and cash equivalents	31,167	441	48	175	31,831
Available-for-sale financial assets	24	3	-	13	39
Trade receivables and other assets	156,721	8,810	4,162	4,034	173,728
Total assets	**187,911**	**9,255**	**4,210**	**4,222**	**205,598**

DECEMBER 31, 2013	PAPER SUPPLY	PACKAGING	VISUAL COMMUNICATION	OTHER BUSINESS AND ACTIVITIES	TOTAL
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	**186,861**	**10,164**	**4,553**	**20,551**	**222,130**

Concentration of financial assets by geographical region

The table below gives Inapa's exposure to credit risk on December 31, 2014 and 2013, in accordance with the asset balances, categorised by geographical region:

DECEMBER 31, 2014	IBERIA	FRANCE	SWITZERLAND AND GERMANY	ANGOLA	OTHERS	TOTAL
ASSETS						
Cash and cash equivalents	1,237	3,938	25,098	545	1,012	31,831
Available-for-sale financial assets	14	7	16	-	3	39
Trade receivables and other assets	36,163	45,647	78,075	1,378	12,465	173,728
	37,415	**49,591**	**103,189**	**1,923**	**13,480**	**205,598**
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	73,213	1,163	11,873	197,256
	61,841	**50,948**	**95,095**	**1,320**	**12,927**	**222,131**

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 December 31, 2014 and 2013 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.

DECEMBER 31, 2014	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN DE 5 YEARS	TOTAL
LIABILITIES						
Loans and finnacial instruments						
Commercial Paper	414	457	34,679	8,285	2,188	46,023
Bank loans	1,439	19,845	90,556	64,505	56,061	232,407
Other loans	80	152	8,890	31,984	-	41,105
Financing associated to financial assets	81	154	719	47,896	-	48,850
Other liabilities – finance lease	400	15	1,264	6,079	1,568	9,326
	2,414	20,624	136,109	158,749	59,817	377,712

DECEMBER 31, 2013	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN DE 5 YEARS	TOTAL
LIABILITIES						
Loans and finacial 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**

NOTE 4

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:

DECEMBER 31, 2014	CREDIT AND RECEIVABLES	AVAILABLE-FOR SALE FINANCIAL ASSETS	OTHER FINANCIAL LIABILITIES
ASSETS			
Available-for-sale financial assets	-	39	-
Other non-current assets	7,045	-	-
Trade receivables and others current assets	166,683	-	-
Cash and cash equivalents	31,831	-	-
Assets	**205,559**	**39**	**-**
LIABILITIES			
Loans and other non-current financial instruments	-	-	156,560
Other non-current liabilities	-	-	6,721
Current loans	-	-	147,101
Financing associated to financial assets	-	-	44,878
Suppliers and Other current liabilities	-	-	73,046
Liabilities	**-**	**-**	**428,305**
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
Loans associated with financial assets	-	-	47,002
Suppliers and Other current liabilities	-	-	69,407
Liabilities	**-**	**-**	**441,476**

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

Financial assets and financial liabilities gains and losses for 2014 and 2013 breakdown as follows:

	2014	2013
Gains/(losses) from loans and receivables	-1,979	-2,676
Gains/(losses) from other financial liabilities	-	-
Gains/(losses) from available-for-sale financial assets	23	21
Interest obtained:		
From available-for-sale	-	-
From loans and other receivables	867	494
Interest paid:		
From financial liabilities measured at amortised cost	-13,881	-11,577
Commission, guarantee and other costs of financial liabilities	-3,417	-3,787
Total net gains and losses	**-18,387**	**-17,524**

NOTE 5

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 8 e 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 9). 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, there 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 6

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, 2014 and 2013 for operating segments is as follows:

DECEMBER 31, 2014	PAPER	PACKAGING	VISUAL COMMUNICATION	OTHERS OPERATIONS	ELIMINATIONS ON CONSOLIDATIONS	CONSOLIDATED
REVENUES						
External sales	812,929	64,892	31,697	4	-	909,522
Inter-segment sales	1,496	2,458	5,005	-	-8,958	-
Other revenues	31,053	878	970	94	-	32,995
Total Revenues	**845,478**	**68,228**	**37,672**	**98**	**-8,958**	**942,517**
RESULTS						
Segment results	16,402	3,078	1,179	-2,906	428	18,181
Operacional results						**18,181**
Interest expenses	-10,877	-984	-338	-10,721	3,951	-18,969
Interest income	6,329	4	32	1,097	-4,232	3,231
Tax on profits	-	-	-	-	-	-483
Income from ordinary activities						**1,960**
Gains/(losses) in associated companies						9
Net profit/(loss) for the year						**1,968**
Attributable :						
Equity shareholders						2,078
Minority interests						-110
OTHER INFORMATIONS						
Segment assets	569,628	34,302	13,909	26,708	-	644,547
Non-imputable Group assets						20,046
Total consolidated assets						**664,592**
Segment liabilities	274,242	25,766	13,920	3,968	-	317,895
Non-imputable Group liabilities						155,246
Total consolidated liabilities						**473,141**
Capex	3,684	753	1,601	174	-	6,213
Depreciation	3,762	477	364	1,045	-	5,648
Provisions (impairment of assets)	3,527	173	104	-	-	3,804

DECEMBER 31, 2013	PAPER	PACKAGING	VISUAL COMMUNICATION	OTHERS 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 INFORMATIONS						
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

On December 31, 2014 and 2013, the values of assets located in the different markets where Inapa has supply operations and the sales by country were as follows:

	2014		2013	
	ASSETS	SALES	ASSETS	SALES
Germany	203,714	432,630	206,415	431,302
France	94,870	182,210	95,206	189,736
Portugal	34,118	37,517	32,598	40,031
Others	236,925	160,572	238,409	133,530
	569,628	**812,929**	**572,627**	**794,599**

Non-current assets by geographical region

On December 31, 2014 and 2013 the values of non-current assets by location were as follows:

2014	GERMANY	FRANCE	PORTUGAL	OTHERS	TOTAL
Tangible fixed assets – net	33,402	21,569	28,404	3,113	86,487
Other non current assets	2,628	3,390	112	125	6,256
	36,030	**24,959**	**28,516**	**3,238**	**92,743**
2013					
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**

NOTE 7

Tangible fixed assets

During the years 2014 and 2013, the tangible fixed assets movements and the related depreciations, were as follows:

TANGIBLE FIXED ASSETS	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT AND OTHERS	IN PROGRESS	TOTAL
ACQUISITION COSTS							
Balance as at January 1, 2014	**27,611**	**91,581**	**42,212**	**3,389**	**10,684**	**1,236**	**176,713**
Exchange rate differences	4	3	30	7	48	-	91
Increases	-	838	2,235	297	365	110	3,844
Disposals	-2,039	-7,276	-1,523	-304	-799	-78	-12,019
Transfers/cut	-	67	-	-	-1	-1,146	-1,080
Changes in consolidation perimeter	-	-	-	-	-	-	-
Balance as at December 31, 2014	**25,576**	**85,213**	**42,954**	**3,388**	**10,297**	**121**	**167,550**
ACCUMULATED DEPRECIATION							
Balance as at January 1, 2014	**-**	**37,010**	**34,401**	**2,837**	**9,468**	**-**	**83,716**
Exchange rate differences	-	1	24	5	50	-	79
Increases	-	1,886	1,283	298	495	-	3,961
Disposals	-	-5,578	-206	-362	-538	-	-6,684
Transfers/cut	-	-10	-	-	-	-	-9
Changes in consolidation perimeter	-	-	-	-	-	-	-
Balance as at December 31, 2014	**-**	**33,308**	**35,502**	**2,778**	**9,475**	**-**	**81,063**
Net value	**25,576**	**51,905**	**7,452**	**611**	**822**	**121**	**86,487**

TANGIBLE FIXED ASSETS	LAND	BUILDINGS AND OTHER CONSTRUCTIONS	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	OFFICE EQUIPMENT AND OTHERS	IN PROGRESS	TOTAL
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**

On December 31, 2014, the gross value of tangible fixed assets funded by finance leases amounts to 15,774 thousand Euros (2013: 15,744 thousand Euros), with accumulated depreciations of 5,243 thousand Euros (2013: 4,816 thousand Euros) and debt value of 6,543 thousand Euros (2013: 7,603 thousand Euros).

The net values of assets on December 31, 2014 and 2013 under the finance lease regime were registered as follows:

	2014	2013
Land	2,182	2,182
Buildings and other construction	8,312	8,697
Transport equipment	36	79
Total	**10,530**	**10,958**

NOTE 8

Goodwill

During the years 2014 and 2013 the Goodwill's movements were as follows:

GOODWILL	
JANUARY 1, 2013	
Acquisition value	155,936
Accumulated Impairment losses	-11,766
Balance as at January 1, 2013	**144,170**
MOVIMENTS DURING 2013	
Exchange rate differences	-
Increases	4,365
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	148,535
DECEMBER 31, 2013	
Acquisition value	160,301
Accumulated Impairment losses	-11,766
Balance as at December 31, 2013	
	148,535
MOVIMENTS DURING 2014	
Exchange rate differences	-
Increases	15,985
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	164,520
DECEMBER 31, 2014	
Acquisition value	176,286
Accumulated Impairment losses	-11,766
Balance as at December 31, 2013	**164,520**

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

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

The increase in 2014 in the value of Goodwill results from the acquisition of 5,1%, of Papier Union Gmbh capital, having been exercised the call option held by the Group, Following this operation, was transferred the amount of 16,7 million, which was recorded in other non-current assets to Goodwill (Note 15), along with the value of non-controlling interests related to this operation (Note 21),

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	142,145	2,933	10,512	1,135	1,775	6,019	164,520

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, 2014, 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 2019. 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 5.66%, corresponding to 6,9% 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 31, 2014	DECEMBER, 31 2013
Sales growth rate (in perpetuity)	1.85%	1.85%
EBITDA margin (Paper)	3.6%	4.0%
Inflation rate	2.0%	2.0%
After-tax discount rate	5.7%	6.4%
Before-tax discount rate	6.9%	8.1%

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 31, 2014	DECEMBER 31, 2013
30 years bond yield of the German state	1.65%	2.72%
Inapa average spread	3.5%	3.0%
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 9

Other intangible assets

During the years 2014 and 2013, 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, 2014	**164,171**	**376**	**164,547**
Exchange rates differences	42	-	42
Increases	846	1,535	2,381
Disposals	-1,361	-	-1,361
Transfers/cuts	1,270	-124	1,146
Changes in consolidation perimeter	-	-	-
Balance as at December 31, 2014	**164,968**	**1,787**	**166,755**
ACCUMULATED DEPRECIATIONS			
Balance as at January 1, 2014	**51,562**	**-**	**51,562**
Exchange rates differences	43	-	43
Increases	1,686	-	1,686
Disposals	-1,261	-	-1,261
Transfers/cuts	-1	-	-1
Changes in consolidation perimeter	-	-	-
Balance as at December 31, 2014	**52,030**	**-**	**52,030**
Acquisition cost	164,698	1,787	166,755
Accumulated depreciations	24,566	-	24,566
Accumulated impairment losses	27,464	-	27,464
Net value	**112,938**	**1,787**	**114,725**

	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**	**112,984**

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, 2014 and 2013 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 2014 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 2019. The assumptions that formed the basis for calculations were as follows:

	2014	2013
Sales growth rate (in perpetuity)	1.85%	1.85%
Inflation rate	2.0%	2.0%
After-tax discount rate	5.7%	6.4%

When evaluating the brands, the methodology for determining the discount rate comprehended the same assessment as Goodwill (see Note 8).

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

DESIGNATION	EVALUATION AMOUNT
Bavaria	6,667
Galaxi	16,627
Gemini	5,218
Inapa Imagine	14,625
Inapa Tecno	37,571
Primaset	7,699
Others	123,060
	211,467

On December 31, 2014, the remaining of the value recorded in Industrial property and other rights net of amortisations, amounted to 9,711 thousand Euros (December 31, 2013: 9,382 thousand Euros) and corresponded essentially to the costs of software (5,030 thousand Euros), patents and other licences as well as customers portfolio amounting to 4,681 thousand Euros.

The most significant change in other industrial property rights in 2014 and 2013 is mainly due to investment in commercial software of about 832 and 2,997 thousand euros, respectively.

Additions for the year shown in Advances and intangible in progress as of December 31, 2014 amounted to 1,535 thousand euros (2013: 1,483 thousand euros) mainly correspond to advances for licenses for commercial software made following the acquisition by Papier Union GmbH.

NOTE 10

Investment in associate companies

On December 31, 2014 and 2013, the breakdown of Investment in associate companies was as follows:

	2014	2013
Surpapel, SL	1,027	1,018
Inapa Logistics	25	25
Inapa Veerbereints	25	25
	1,077	**1,068**

On December 31, 2014, the financial information regarding the holdings recorded in Investment in associate companies was as follows (Note 36):

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	8,747	1,585	7,162	34.5	25%	9	1,027
Inapa Logistics	Osterbekstraße 90 22083 Hamburg, Germany	25	25	-	-	100%	-	25
Inapa Vertriebs GmbH	Osterbekstraße 90 22083 Hamburg, Germany	25	25	-	-	100%	-	25
							9	**1,077**

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 15).

The movements that took place under the heading Investment in associate company, for the years 2014 and 2013 were as follows:

Balance as at January 1, 2013	**1,075**
Acquisitions	-
Disposals	-
Changes in consolidation perimeter	-
Share of results	-7
Balance as at December 31, 2013	**1,068**
Acquisitions	-
Disposals	-
Changes in consolidation perimeter	-
Share of results	9
Balance as at December 31, 2014	**1,077**

NOTE 11

Available-for-sale financial assets

On December 31, 2014 and 2013, the breakdown of Available-for-sale financial assets was as follows:

	2014	2013
NON CURRENT		
Others	39	40
	39	**40**
NON CURRENT		
Others	-	-
	39	**40**

The Available-for –sale financial assets movements for the year ending December 31, 2014 and 2013 was as follows:

Balance as at January 1, 2013	**62**
Acquisitions	2
Disposals	-24
Changes in fair value	-
Balance as at December 31, 2013	**40**
Acquisitions	-
Disposals	-1
Changes in fair value	-
Balance as at December 31, 2014	**39**

NOTE 12

Deferred tax

All situations that may significantly affect future taxes are recorded on the financial statements on December 31, 2014 and 2013.

In 2014 and 2013, the movements in assets and liabilities due to deferred tax were as follows:

	01-01-2014	CHANGES IN PERIMETER	FAIR VALUE RESERVE AND OTHER RESERVES	NET PROFIT AND LOSS FOR THE YEAR	31-12-2014
DEFERRED TAX ASSETS					
Taxable provisions	88	-	-	-	88
Unused taxes losses	18,614	-	-	679	19,293
Others	3,646	-	-	29	3,675
	22,347	**-**	**-**	**708**	**23,055**
DEFERRED TAX LIABILITIES					
Revaluation of fixed assets	-8,172	6	-	-93	-8,259
Depreciations	-14,622	-	-	39	-14,583
Others	-1,059	-	-	48	-1,011
	-23,854	**6**	**-**	**-6**	**-23,853**
Impostos diferidos líquidos	**-1,507**	**6**	**-**	**702**	**-799**

	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	**336**	**-**	**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	**-257**	**-**	**-652**	**-23,854**
Impostos diferidos líquidos	**-2,161**	**79**	**-**	**576**	**-1,507**

Regarding deferred tax assets with respect of tax losses, the increase in 2014 was due to tax losses in Inapa Spain, Inapa Belgium and Inapa Suisse. Changes in the perimeter refer to the acquisitions of the subsidiaries Tradembal and Korda, which had deferred tax previous to entering Inapa Group.

Goodwill amortization in Papier Union ended in 2013, so the variation in 2014 of this item is substantially less than in 2013 (1,068 thousand euros), accepted for tax purposes in their respective countries.

Deferred tax assets for tax losses are recognised to the extent that it is probable that there will be a fiscal benefit, through the existence of future taxable income. The Group recognised deferred tax assets in the amount of 19,293 thousand Euros, regarding the tax losses that can be offset against future taxable profits, as given below:

COMPANY	TAX VALUE	FINAL UTILISATION DATE
Inapa France	8,155	ilimited
Portuguese Group	520	2017
Inapa Distribuición Ibérica (Spain)	7,335	2023-2033
Inapa Belgium	2,024	ilimited
Inapa Suisse	925	2018-2021
Others	334	
	19,293	

NOTE 13

Inventories

On December 31, 2014 and 2013, the Inventories consisted of the following:

	2014	2013
Finished and intermediate products	836	848
Merchandise	63,425	68,439
	64,261	**69,287**
Adjustment for realisable value (Note 17)	-1,304	-1,392
	62,957	**67,895**

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

The cost of sales for the years ended December 31, 2014 and 2013 amounted to 751,948 and 733,313 thousand Euros, respectively, and was calculated as follows:

	2014	2013
Initial inventories	69,287	66,728
Changes in perimeter	-	3,628
Purchasing and inventory adjustments	746,849	731,969
Final inventories	64,261	69,287
	751,875	733,038
Impairment losses	142	341
Reversals of impairment losses	-69	-65
	751,948	**733,313**

NOTE 14

Trade receivables

On December 31, 2014 and 2013, trade receivables consisted of the following:

	2014	2013
TRADE RECEIVABLES		
Trade receivables – current account	123,718	123,611
Trade receivables – bills of exchange	7,549	13,445
Doubtful trade receivables	25,056	26,980
	156,323	**164,036**
Accumulated impairment losses (Note 17)	-21,618	-22,123
Trade receivables – net balance	**134,705**	**141,913**

During the years 2014 and 2013, the Group recognised impairment losses of 3,804 thousand Euros and 4,190 thousand Euros, respectively, which was recorded under Other costs (Note 28).

NOTE 15

Tax to be recovered and Other assets

On December 31, 2014 and 2013, Tax to be recovered consisted as follows:

	2014	2013
Income tax	1,403	3,084
VAT	2,698	4,232
Other taxes	2,071	1,128
	6,172	**8,444**

On December 31, 2014 and 2013, the balances for Other non-current assets and Other current assets breakdown as follows:

	2014	2013
OTHER NON-CURRENT ASSETS		
Other debtors	7,532	25,452
Accumulated impairment losses	-487	-1,220
	7,045	**24,232**
OTHER CURRENT ASSETS		
Advances to suppliers	518	442
Other debtors	13,795	12,762
Accumulated impairment losses	-634	-3,019
	13,161	**9,743**
Accrued income	16,023	19,564
Deferred costs	2,275	1,362
	31,977	**31,110**

On December 2013, 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. In 2014, Inapa – IPG acquired the participation of 5.1% of the Papier Union Gmbh's share capital for the credit amount, being booked as Goodwill (Note 8).

Additionally, on December 31, 2014, this balance included a receivable amount from PMF - Print Media Factoring GmbH of 2,283 thousand Euros on a 5 years loan period and a balance receivable in the amount of 483 thousand euros due to the 2012 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, 2014 and 2013, 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 16

Cash and cash equivalents

The breakdown of Cash and cash equivalents on December 31, 2014 and 2013, was as follows:

	2014	2013
Immediatly available bank deposits	31,599	24,549
Cash	231	285
Cash and cash equivalents in balance sheet	**31,831**	**24,834**
Bank overdrafts	-87,574	-131,996
Cash and cash equivalents on the cash flow statement	**-55,744**	**-107,162**

Bank overdrafts include the credit balances in current accounts with financial institutions, booked on the balance sheet under Loans (Note 22).

NOTE 17

Impairments

During the years 2014 and 2013, movements in the recognised asset impairments were as follows:

	GOODWILL (NOTE 8)	OTHER INTANGIBLE ASSETS (NOTE 9)	INVENTORIES (NOTE 13)	TRADE RECEIVABLES (NOTE 14)	OTHER CURRENT ASSETS (NOTE 15)	TOTAL
Balance as at January 1, 2013	**11,766**	**27,464**	**878**	**17,890**	**4,255**	**62,253**
Increases	-	-	341	4,190	-	4,531
Utilization	-	-	200	-1,650	-16	-1,466
Reverseals	-	-	-64	-906	-	-970
Changes in the consolidation perimeter	-	-	38	2,612	-	2,650
Exchange rate differences	-	-	-1	-13	-	-14
Balance as at December 31, 2013	**11,766**	**27,464**	**1,392**	**22,123**	**4,239**	**66,984**
Increases	-	-	142	3,804		3,946
Utilization	-	-	-163	-2,018	-3,117	-5,298
Reverseals	-	-	-69	-2,280		-2,349
Changes in the consolidation perimeter	-	-	-	-		-
Exchange rate differences	-	-	1	-11		-9
Balance as at December 31, 2014	**11,766**	**27,464**	**1,303**	**21,618**	**1,122**	**63,273**

O efeito em resultados dos reforços e reversões das imparidades de inventários encontra-se registado nos custos das vendas (Note 13).

NOTE 18

Share capital and own shares

Share capital

At 31 December 2014 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. As at December 31, 2014, Equity was fully subscribed and issued.

The preferred shares confer the right to a preferential dividend of 5% of their issue price (0.18 euros per share), taken from the profits that, under applicable law, may be distributed to shareholders. In addition to the preferential dividend rights, preference shares confer all the rights attached to ordinary shares, except the right to vote. The preferred dividend that is not paid in a year must be paid within the following three years, before dividends, as long as there are distributable profits. In the case of the priority dividend is not fully paid during two years, preference shares gain voting rights on the same terms of the ordinary shares and only go back to its previous status in the year following that in which the priority dividends were paid.

On December 31, 2014, the Group does not own shares or have occurred any purchases during the year 2014 transactions of own shares.

At the General Meeting of April 10, 2014, the shareholders of INAPA – Investimentos, Participações e Gestão, SA deliberated, among other things, the reduction of share capital of 204,176,479 to 180,135,111 euros and about the proposal for application results presented by the Board of Directors, under which the net income for 2013, in the amount of 1,273,356.19 Euros, would be applied as follows: i) to legal reserve 63,667.81 euros; ii) for priority dividend on preferred shares 541,764.79 Euros; iii) to free reserves 665,000.00 Euros and; iv) to retained earnings 2,923.59 Euros.

The payment of the approved priority dividend was held on May 12, 2014. The capital reduction was approved, having been registered in the Commercial Register. This capital reduction was aimed to cover accumulated losses at September 30, 2013 and does not imply any reduction in the number or value of shares issued as these have no par value.

Moreover, the distribution of priority dividends on preferred stock for the years 2013 and 2014 was not approved, passing these "to confer voting rights on the same terms that the common shares and only lost in the year following that in which they were priority paid dividends. "

Thus, during the months of April and May 2014, the company has been notified, in accordance with Articles 16 and 248 – B of the Securities Code and CMVM Regulation 5/2008, the change of qualifying holdings.

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

The shareholder structure as of December 31, 2014, and 2013 is as follows:

					DECEMBER 31, 2014
	ORDINARY SHARES	% OF ORDINARY SHARES	PREFERENCIAL SHARES	% PREFERENCIAL SHARES	% VOTING RIGHTS
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	-	-	8.26%
Shares attributed to CGD	2,762	0.002%	148,888,866	49.47%	25.07%
Parcaixa – SGPS, SA	-	-	148,888,866	49.47%	25.07%
CGD Pensões – Sociedade Gestora de Fundos de Pensões, SA	1,262	0.001%	-	-	0.000%
Caixa – Banco de Investimento, SA	1,500	0.001%	-	-	0.000%
Shares attributed to Millennium BCP	26,986,310	17.99%	121,559,194	40.39%	32.94%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	45,810,827	15.22%	13.81%
Banco Comercial Português	10,494,412	7.00%	75,748,367	25.17%	19.12%
Novo Banco, SA	-	-	27,556,665	9.16%	6.11%
Nova Expressão SGPS, SA	9,500,000	6.33%	-	-	2.11%
Total of Qualified Participations	**85,573,810**	**57.05%**	**298,004,725**	**99.01%**	**74.49%**

			DECEMBER 31, 2013
	NUMBER OF ORDINARY SHARES	% OF ORDINARY SHARES	% VOTING RIGHTS
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	32.72%
Shares attributed to Banco Comercial Português, SA (art 20º do CVM)	27,361,310	18.24%	18.24%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	10.99%
Banco Comercial Português	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 of Qualified Participations	**89,981,048**	**59.99%**	**59.99%**

Own shares

The Group did not hold any of its own shares on December 31, 2014 and 2013.

NOTE 19

Share issuance premium, Reserves and Retained earnings

On December 31, 2014 and 2013, the breakdown of Share issuance premium, Reserves and Retained earnings was as follows: :

	2014	2013
Share issuance premium	**450**	**450**
Foreign exchange adjustments	4,803	4,612
Revaluation reserve	31,495	31,495
Legal reserve	7,564	7,500
Other reserves	890	225
	44,752	**43,832**
Retained earnings	**-36,097**	**-57,085**

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.

NOTE 20

Earnings per share

The basic earnings per share are 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:

	2014	2013
Net profit and loss for the period (in euros)	2,078,489	1,273,356
Weighted average number of ordinary shares	450,980,441	450,980,441
Basic earning per share (in euros)	0,005	0,003
Diluted earning per share (in euros)	0,005	0,003

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).

	2014	2013
Net income for the year (in euros)	2,078.489	1,273.356
Preference dividends (in euros)	-	-541,765
	2,078,489	**731,591**
Prefered shares stake on income after preference dividends	-1,387.166	-488,258
Net income for the year for basic shares	691,323	243,334
Ordinary shares	150,000.000	150,000.000
Basic earnings per share (in euros)	0,005	0,002
Diluted earnings per share (in euros)	0,005	0,002

NOTE 21

Minority interests

On December 31, 2014 and 2013, the value of the Minority interests included under shareholders equity, refers to the following subsidiary companies:

	2014	2013
Papier Union	-	968
Inapa Deutschland	-	-
Others	133	243
	133	**1,211**

NOTE 22

Loans and other financial instruments

On December 31, 2014 and 2013, the breakdown of loans was as follows:

		2014	2013
CURRENT DEBT			
Bank loans			
Bank loans and other current financial instruments	a)	87,574	131,996
Commercial paper, redeemable at its nominal value, renewable, with maturity within one year	b)	33,854	41,537
Medium and long-term financial instruments (portion maturity within 1 year)	c)	15,916	27,167
Other current financial loans	d)	8,183	5,742
Financial leases		1,574	1,156
		147,101	**207,599**
Financing associated to financial assets – securitisation (Note 37)		-	-
Total current debt		**147,101**	**207,599**
NON-CURRENT DEBT			
Bank loans			
Medium and long-term financial instruments	c)	109,210	74,739
Other loans	d)	31,181	30,250
Commercial Paper, reimbursed by nominal value	b)	8,800	
Financial leases		7,369	6,448
		156,560	**111,436**
Financing associated to finantial assets – securitisation (Note 37)		44,878	47,002
Total non-current debt		201,438	158,438
		348,538	**366,037**

a) The bank overdrafts are renewable annually and bear interest at the Euribor 1, 3 or 6-month rate, plus an average spread of 4.22 percentage points.

b) The commercial paper debt is as follows:

i) A Commercial Paper Programme issued by Inapa – IPG and Inapa Portugal in 2005 with a 2010's addition with a subscription guarantee, in the amount of 21,250,000 Euros, to be repaid in 2015. The maximum nominal interest rate is the Euribor rate of the issuance period plus 2.0 percentage points. Interests are due on the dates of issue.

ii) A Commercial Paper Programme issued by Inapa – IPG in 2012, with a subscription guarantee, in the amount of 5,000,000 euros, being reimbursed in 2017. The nominal interest rate is the emission period Euribor, plus 5.5 percentage points. The interests are paid in date of each emission.

iii) A Commercial Paper Programme issued together by Inapa – IPG and Inapa Portugal in 2012, and with an amendment in 2014, with a subscription guarantee, in the amount of 4,250,000 Euros, to be repaid monthly, being the first payment in December, 2013 and the last in July, 2015. The maximum nominal interest rate is the Euribor of each emission period, plus 5.0 percentage points. The interests are paid I the reimbursement date of each emission. In December 31, 2014, this programme was in the amount of 750,000 euros.

iv) A Commercial Paper Programme issued by Inapa – IPG and Inapa Portugal in 2014 with a subscription guarantee, in the amount of 4,800,000 Euros, to be repaid in 4 instalments, the first is due in May 2015 and the last in 2018 . The nominal interest rate is the Euribor rate for the issue period plus 4.1 percentage points. Interest is paid in each issuance date. In December 2014, the value of this programme reached 4,800,000 Euros.

v) A Commercial Paper Programme issued by Inapa-IPG and Inapa Portugal in 2014 with a subscription guarantee, in the amount of 5,000,000 Euros, valid for one year and automatically renewed for periods equals to one year. The nominal interest rate is the Euribor rate for the issue period plus 3.5 percentage points. Interest is paid in each issuance date.

vi) A Commercial Paper Programme issued by Inapa – IPG and Inapa Portugal in 2014 with a subscription guarantee, in the amount of 5,000,000 Euros, being reimbursed in six payments, being the first in November, 2015 and the last in 2020. The nominal interest rate is the Euribor rate for the issue period plus 5.5 percentage points. Interest is paid in each issuance date.

vii) Financial expenses in the amount of 854 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:

i) 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.

ii) Bank loan as commercial paper amounting to 9,600 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.

iii) Bank loan amounting to 1,999 thousand Euros. Interest is at the 3-month Euribor rate plus 1.00 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.

iv) Bank loan amounting to 10,354 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 December 2012 and the last in 2015.

v) Bank loan amounting to 926 thousand Euros. Loan 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.

vi) Bank loan amounting to 432 thousand Euros. Loan bears interest at 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.

vii) Bank loan in the amount of 1,625 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 2014 and the last in 2015.

viii) Bank loan in the amount of 1,571 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.

ix) 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 39,293 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 2015 and 2016.

On December 31, 2014 and 2013, the debit related to finance leases included in Other liabilities (Note 26) were as follows:

	2014	2013
DEBT RELATED TO FINANCE LEASES		
Non-current	7,369	6,447
Current	1,574	1,156
	8,943	**7,603**
DEBT RELATED TO FINANCE LEASES		
Rents – not discounted		
at less than a year	1,671	1,250
between 1 year and 5 years	6,078	5,741
at more than 5 years	1,568	951
	9,325	**7,941**
Finance costs to be supported	**-382**	**-338**
	8,943	**7,603**

On December 31, 2014 and 2013, the non-current and current loans obtained and the liabilities under finance lease contracts had the following repayment terms and periods:

2014

	CURRENCY	INTEREST RATE	LESS THAN 1 YEAR	1 TO 5 YEARS	GREATER THAN 5 YEARS	TOTAL
Bank Loans	Eur	4.7%	81,873	-	-	81,873
Bank Loans	CHF	2.0%	1,664	-	-	1,664
Bank Loans	TRY	11.2%	4,037	-	-	4,037
Commercial Paper	Eur	5.5%	33,854	6,800	2,000	42,654
Other loans	Eur	3.6%	15,916	53,930	55,280	125,126
Financing associated to financial assets	Eur	2.2%	-	44,878	-	44,878
Factoring	Eur	2.5%	8,183	31,181	-	39,364
Finance lease obligations	Eur	1.4%	1,574	5,816	1,552	8,942
			147,101	**142,605**	**58,832**	**348,538**

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**

On December 31, 2014, the group had about 78,400 thousand Euros available in unused lines of credit (December 31, 2013: 75,320 thousand Euros).

On December 31, 2014 and 2013, the net sum of the consolidated financial debt was as follows:

	2014	2013
Loans		
Current	145,526	206,443
Non-current	149,192	104,989
	294,718	**311,432**
Financing associated to financial assets	44,878	47,002
Finance lease obligations	8,943	7,603
	348,538	**366,037**
Cash and cash equivalents	31,831	24,835
Bonds (listed shares)	-	-
Available-for-sale financial investments (listed shares)	-	-
	31,831	**24,835**
	316,707	**341,202**

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	2014 (THOUSANDS EUROS)	DESCRIPTION	RATIO
Bank loan	27,334	Ajusted gearing ratio = (Shareholders equity + Reserves - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill)	14.0%
Bank loan	13,350	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill)	16.8%
Bank loan	16,948	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill - Loans conceded to shareholders)	16.8%
Securitisation	32,790	Adjusted gearing ratio = (Shareholders equity - Goodwill + Net loans obtained from shareholders) / (Net assets - Goodwill - Loans conceded to shareholders)	16.8%

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 23

Provisions

During the years 2014 and 2013, the following movements took place under Provisions:

Balance as at January 1, 2013	**286**
Increases	382
Utilisation	-391
Transfers	-
Changes in the consolidation perimeter	30
Exchange rate differences	-
Balance as at December 31, 2013	**307**
Increases	231
Utilisation	-193
Transfers	-
Changes in the consolidation perimeter	-
Exchange rate differences	-
Balance as at December 31, 2014	**344**

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 33 – Contingencies.

NOTE 24

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.

	2014	2013
Balances on the balance sheet for:		
Employee benefits:		
Contribution to pension plan – defined benefits	4,511	1,574
Other post-employment benefits – defined benefits	3,511	3,020
Others	-	-
	8,022	**4,594**
Expenditure in the Income Statement:		
Contribution to pension plan – defined benefits	589	83
Other post-employment benefits – defined benefits	335	151
Contribution to pension plan – defined contribution	-	431
	924	**665**

	2014	2013
Amounts recognized in Retained earnings:		
Retirement pension complements – Defined benefits	-3,286	101
Others	86	270
	-3,200	**371**

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

31 DECEMBER	2014	2013	2012	2011	2010
Past service liabilities	-17,822	-4,749	-4,720	-4,312	-4,272
Fund	9,800	435	13	208	-
Surplus or deficit of the plan	-8,022	-4,314	-4,707	-4,104	-4,272
Experience adjustments plan liabilities	-102	222	9	138	-361
Experience adjustments on plan assets	-134	11	-2	3	-8

A) DEFINED BENEFITS PENSION PLAN

Companies located in Portugal

On December 31, 2014 and 2013, 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, 2014 and 2013:

	2014	2013
Future salary increases rate	0.5%	1.5%
Discount rate	1.50%	3.0%
Mortality table	TGF/TGH 2005	TGF/TGH 2005

On December 31, 2014 and 2013, the current value of the liabilities for defined pension plans and the corresponding accounting provision, were as follows:

BALANCE SHEET AMOUNTS	2014	2013
Past services cost obligations	1,160	1.035
Fair value of the fund	416	435
Present value of the uncovered obligation	744	600

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

DEFINED BENEFIT OBLIGATION	2014	2013
Beginning of year	1,035	749
Current service cost	52	23
Interest cost	31	20
Actuarial losses/(gains)	71	-60
Reductions	-	337
Benefits paid	-	-34
End of year	**1,160**	**1,035**

Actuarial loss/(gains) heading includes a gain of 36 thousand Euros due to the change in the discount rate used for the present value liabilities calculation and a loss of 26 thousand Euros due to the change in the assumptions used for calculations.

The movements recorded in the Assets plan formed were as follows:

FUND'S FAIR VALUE	2014	2013
Beginning of year	435	13
Contributions to the Plan	52	82
Expected return on Plan assets	13	-
Actuarial (losses)/gains (dif. Between expected and real return on assets)	-8	11
Regularizations	-76	363
Benefits paid	-	-34
End of year	**416**	**435**

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

COSTS RECOGNISED IN THE YEAR	2014	2013
Current service costs	23	23
Interest costs	31	20
Actual return on plan assets	-13	-
Others	-	-
Total costs included in Personnel costs	**41**	**43**

The amounts recognized in Retained earnings are as follows:

	2014	2013
Actuarial Gains and Losses	-85	60
Fund	-71	11
Past services cost obligations	-156	71

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 recognised under the balance sheet caption Liabilities for employee benefits and amounted, on December 31, 2014, 1,083 thousand Euros (2013: 974 thousand Euros).

The actuarial assumptions used by the independent entity, which carried the actuarial studies for December 31, 2014 and 2014 are as follows:

	2014	2013
Future salary increases rate	1.8%	2.0%
Discount rate	2.0%	3.3%
Future pension increases rate	1.8%	2.0%
Mortality table	Heubeck 2005 G	Heubeck 2005 G

In accordance with the respective actuarial studies, on December 31, 2014 and 2013, the present value of the defined benefit liability for defined pension plans and the corresponding accounting provision, were as follows:

PASTE SERVICE LIABILITIES	2014	2013
Balance sheet amounts	1,083	974
Past service costs	1,083	974

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

OBLIGATIONS	2014	2013
Initial Balance	974	1,040
Current costs	3	2
Interests costs	31	38
Actuarial Losses/(Gains)	138	-30
Paid for benefits	-63	-76
End of Year	**1,083**	**974**

The actuarial gains and losses include a loss in the amount of 131 thousand euros, related with changes in actuarial assumptions.

The amounts recognized in the income statement are as follows:

SERVICES COST	2014	2013
Current services costs	3	2
Interests costs	31	38
Total amount inclued in Personnel costs	**34**	**40**

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

	2014	2013
Actuarial Gains or Losses	-138	30

Inapa Switzerland

Inapa Switzerland has attributed to 96 of its actual and former employees, active and retired, a scheme of retirement pensions complement, whose management is performed by an external entity. The responsibility is financed partially by the fair value of the assets plan (managed by an external entity – insurance company), being done annually deliveries.

This responsibility, estimate in the basis of an actuarial study performed by an independent entity, for purposes of the application of the IAS 19, is booked in the balance in "Retirement Benefits", and has the amount in December 31, 2014 of 2,684 euros.

The actuarial assumptions used by the independent entity, which carried the actuarial studies for December 31, 2014 are as follows:

	2014
Future salary increases rate	0.5%
Discount rate	1.4%
Future pension increases rate	M65/W64
Mortality table	BVG 2010 GT

On December 31, 2014, the current value of the liabilities for defined pension plans and the corresponding accounting provision, were as follows:

BALANCE SHEET AMOUNTS	2014
Past services cost obligations	12,060
Fair value of the fund	9,375
Present value of the uncovered obligation	**2,685**

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

DEFINED BENEFIT OBLIGATION	2014
Beginning of year	11,558
Current service cost	485
Contr, Paid by plan participants	928
Interests expenses	260
Actuarial (gains)/losses	1,191
Benefits paid	-2,362
End of year	**12,060**

Actuarial loss/(gains) heading includes a gain of 1,262 thousand Euros due to the change in the actuarial assumptions.

The movements recorded in the Assets plan formed were as follows:

FUND'S FAIR VALUE	2014
Beginning of year	10,278
Expected return on Plan assets	231
Company contributions	427
Contibutions by Plan Participants	928
Actuarial (losses)/gains (dif, Between expected and real return on assets)	-126
Benefits paid	-2,362
End of year	**9,375**

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

COSTS RECOGNISED IN THE YEAR	2014
Current service costs	485
Interest costs	260
Actual return on plan assets	-231
Total costs included in Personnel costs	**514**

The amounts recognized in Retained earnings are as follows:

	2014
Actuarial Gains and Losses - Assets	-1.191
Actuarial Gains and Losses - Liabilities	-126
	-1.317

It was also booked in Retained Earnings an amount of 1,280 thousand euros related with the initial balance of this pension fund.

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, 2014 amounted to 2,336 thousand Euros (2013: 2,040 thousand Euros).

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

	2014	2013
Future salary increase rate	1.25%	1.5%
Discount rate	1.50%	3.20%
Mortality table	INSEE 2010-2012	INSEE 2009-2011

In accordance with the respective actuarial studies valuation, on December 31, 2014 and 2013 the present value for the defined benefit liability plans and the corresponding accounting provision were as follows:

BALANCE SHEET AMOUNTS	2014	2013
Past service costs liabilities	2,336	2,040

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

DEFINED BENEFIT OBLIGATIONS	2014	2013
Inicial balance	2,040	2,239
Current services	95	104
Interest costs	63	62
Actuarial losses/(gains)	329	-131
Benefits paid	-192	-234
Perimeter change	1	-
Year end balance	**2,336**	**2,040**

The amount in Actuarial losses and gains include a loss of 362 thousand Euros due to the change in the discount rate used for the present value liability and a gain of 58 thousand Euros due to the change of other assumptions.

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

COST FOR THE YEAR	2014	2013
Current service costs	95	104
Interest costs	63	62
Amortisation of actuarial losses/(gains) deferred	-	-
Total included on Personnel costs	**158**	**166**

The amounts recognized in Retained earnings are as follows:

	2014	2013
Actuarial Gains and Losses	329	-131
	329	**-131**

Similarly, in relation with the benefit provided in French law, the liability registered in the balance sheet of subsidiary Inapa Packaging, SA at December 31, 2014 was 201 thousand Euros (2013: 148 thousand Euros).

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

	2014	2013
Future salary increase rate	2.0%	2.5%
Discount rate	1.50%	3.20%
Mortality table	INSEE 2010-2012	INSEE 2009-2011

In accordance with the respective actuarial studies, on December 31, 2014 and 2013, the present value of the defined benefit liability for defined pension plans and the corresponding accounting provision, were as follows:

BALANCE SHEET AMOUNTS	2014	2013
Past services liabilities	201	148

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

LIABILITIES	2014	2013
Inicial Balance	148	129
Current costs	11	9
Interests costs	5	4
Actuarial Losses/(Gains)	37	6
Paid for benefits	-	-
Year End Balance	**201**	**148**

The caption Actuarial losses and gains includes a loss of 47 thousand Euros due to the change of the discount rate used for calculating the future liabilities and a gain of 15 thousand Euros due to the change of other assumptions.

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

COST FOR THE YEAR	2014	2013
Current service costs	11	9
Interest costs	5	4
Others	-	-
Actuarial losses/(gains)	-	6
Total included on Personnel costs	**16**	**19**

The amounts recognized in Retained earnings are as follows:

	2014	2013
Actuarial Gains and Losses	37	-
	37	**-**

Similarly, in relation with the benefit provided in French law, the liability registered in the balance sheet of subsidiary Semaq at December 31, 2014 was 149 thousand Euros (2013: 106 thousand Euros).

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

	2014	2013
Future salary increase rate	2.0%	2.5%
Discount rate	1.50%	3.20%
Mortality table	INSEE 2010-2012	INSEE 2009-2011

In accordance with the respective actuarial studies, on December 31, 2014 and 2013, the present value of the defined benefit liability for defined pension plans and the corresponding accounting provision, were as follows:

BALANCE SHEET AMOUNTS	2014	2013
Past services liabilities	149	106

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

LIABILITIES	2014	2013
Inicial Balance	106	91
Current costs	10	11
Interests costs	3	3
Actuarial losses/(gains)	29	3
Paid for benefits	-	-2
Year End Balance	**149**	**106**

The caption Actuarial losses and gains includes a loss of 37 thousand Euros due to the change of the discount rate used for calculating the future liabilities and a gain of 12 thousand Euros due to the change of other assumptions.

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

COST FOR THE YEAR	2014	2013
Current service costs	10	11
Interest costs	3	3
Actuarial losses/(gains)	-	-
Total included on Personnel costs	**13**	**14**

The amounts recognized in Retained earnings are as follows:

	2014	2013
Actuarial Gains and Losses	29	3
	29	**3**

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, 2014 reached 468 thousand Euros (2013: 439 thousand Euros) and are fully booked on the balance sheet. These were calculated based on the following assumptions:

	2014	2013
Future salary increase	1.25%	2.5%
Discount rate	1.50%	3.20%
Mortality table	INSEE 2010-2012	INSEE 2009-2011

The movements recorded for past service liabilities were as follows:

PAST SERVICE LIABILITIES	2014	2013
Initial Balance	440	466
Current services	21	22
Interest costs	13	13
Actuarial losses/(gains)	43	-10
Others	-	-
Benefits paid	-48	-52
Year-End Balance	**468**	**440**

The caption actuarial losses and gains includes a loss of 59 thousand Euros due to the change of the discount rate used for calculating the future liabilities and a gain of 10 thousand Euros due to the change of other assumptions.

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

COSTS FOR THE YEAR	2014	2013
Current service costs	21	22
Interest costs	13	13
Actuarial losses/(gains)	43	-10
Total included in Personnel costs	**77**	**25**

Inapa Packaging, SA 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	500 €
30 years	500 €
35 years	500 €
40 years	500 €

The liabilities on December 31, 2014 reached 9 thousand Euros (2013: 7 thousand Euros) and are fully booked on the balance sheet. These were calculated based on the following assumptions:

	2014	2013
Future salary increase	2.0%	2.5%
Discount rate	1.50%	3.20%
Mortality table	INSEE 2010-2012	INSEE 2009-2011

The movements recorded for past service liabilities were as follows:

PAST SERVICE OBLIGATION	2014	2013
Initial Balance	7	6
Current services	1	1
Interest costs	-	-
Actuarial losses/(gains)	2	-
Year-End Balance	**9**	**7**

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

COSTS FOR THE YEAR	2014	2013
Current service costs	1	1
Interest costs	-	-
Actuarial losses/(gains)	2	-
Total included in Personnel costs	**3**	**1**

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 TKY per year of employment).

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

	2014	2013
Future salary increase rate	5.0%	6.0%
Discount rate	9.00%	10.09%

The liabilities recognized December 31, 2014 by Korda is in the amount of 349 thousand Euros (2013: 280 thousand Euros).

OBLIGATIONS	2014	2013
Initial Balance	280	-
Perimeter change	-	280
Current services and interests costs	69	54
Benefits payed	-	-54
Year-End Balance	**349**	**280**

NOTE 25

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

On December 31, 2014 and 2013 the heading Tax liabilities breakdown as follows:

	2014	2013
Income tax	228	301
VAT	8,605	8,382
Social security contributions	1,971	2,067
Other taxes	1,813	1,562
	12,617	**12,310**

On December 31, 2014 and 2013, Other non-current liabilities, Suppliers and Other current liabilities consists of the following

	2014	2013
OTHER NON-CURRENT LIABILITIES		
Other creditors	6,721	6,032
	6,721	**6,032**
SUPPLIERS		
Current account	47,903	47,034
Bills of exchange	394	180
Invoices in progress	2,112	3,378
	50,409	**50,592**
OTHER CURRENT LIABILITIES		
Advances from trade receivables	1,526	1,336
Other creditors	10,550	9,422
Accruals and deferrals	10,560	8,057
	22,636	**18,815**

On December 31, 2014 and 2013 the heading Accruals and deferrals breakdown as follows:

	2014	2013
Personnal costs to be paid	3,882	2,015
Accrued interest	1,358	542
Transportation costs	1,534	1,493
Honoraries	209	235
Marketing support	208	213
Other accrued bank charges	22	116
Interest debit to trade receivables	346	443
Social charges	25	451
Others	2,976	2,549
	10,560	**8,057**

NOTE 26

Sales, Service rendered and Other income

Sales and Service rendered for the years ending on December 31, 2014 and 2013, breakdown as follows:

	2014	2013
Sales of merchandise and Other products	909,522	888,724
Service rendered	9,744	10,125
	919,266	**898,849**

In 2014 and 2013, the balances under Other income break down as follows:

	2014	2013
Supplementary income	836	682
Net cash discounts	8,361	8,570
Reversals of impairment of current assets (Note 17)	2,280	906
Other income	11,774	12,253
	23,251	**22,412**

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

NOTE 27

Personnel costs

In 2014 and 2013, the balances under Personnel costs break down as follows:

	2014	2013
Wages and salaries	60,207	58,907
Social security constributions	14,163	13,915
Pension costs	924	665
Other personnel costs	4,188	3,416
	79,482	**76,904**

The Other personnel costs heading include compensation for termination of work contracts on the amount of 299 thousands Euros (2013: 1,076 thousand Euros).

During the year the Group employed, on average, 1,366 employees (2013: 1,354), of which 1,162 (2013: 1,208) were in companies headquartered in foreign countries.

NOTE 28

Other costs

In 2014 and 2013, the balances under Other costs breaks down as follows:

	2014	2013
Administratives expenses	78,109	78,186
Indirect taxes	3,866	3,832
Other costs	1,247	2,000
Provisions (Note 23)	231	382
Impairment of current assets (Note 17)	3,804	4,190
	87,257	**88,592**

NOTE 29

Depreciations and amortizations

In 2014 and 2013, the balances under this heading break down as follows:

	2014	2013
Tangible fixed assets (Note 7)	3,962	4,004
Intangible assets (Note 9)	1,686	1,654
	5,648	**5,658**

NOTE 30

Financial function

Financial income and financial costs for 2014 and 2013 are as follows:

	2014	2013
FINANCIAL INCOME		
Interest obtained	493	238
Gains from disposal of investment	23	21
Income from capital investments	-	-
Positive FX	2,361	445
Other profits and financial income	351	256
	3,228	**961**
FINANCIAL COSTS		
Interest paid	13,881	11,577
Losses on disposal of investments	-	-
Negative FX	1,668	469
Other costs and financial losses	3,417	3,787
	18,966	**15,832**
Net financial function	**-15,738**	**-14,872**

The caption Other costs and financial losses includes, amongst others, costs associated with costs for issuing commercial paper (2014: 884 thousand Euros, 2013: 1,229 thousand Euros), guarantee commissions (2014: 701 thousand Euros, 2013: 835 thousand Euros), stamp duty (2014: 569 thousand Euros, 2013: 532 thousand Euros), and factoring (2014: 643 thousand Euros, 2013: 627 thousand Euros). The interest expense includes interest associated with securitization contracts (2014: 1,626 thousand euros, 2013: 1,294 thousand euros).

NOTE 31

Income tax

Income tax for the years ending on December 31, 2014 and 2013 breaks down as follows:

	2014	2013
Current taxes	-1,185	-1,139
Deferred taxes (Note 12)	702	576
	-483	**-563**

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 the remaining countries for a superior period, being however subject to review of tax authorities. In Portugal, the tax losses generated after 2014 (inclusive) could be deducted for a period of 12 years.

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, 2014.

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:

	2014	2013
Net income before tax on profits	2,454	1,916
Nominal average tax on profits	-736	-575
Income tax – value	-483	-563
	253	**12**
Permanent differences – Suisse	-4	26
Permanent differences – Portugal	989	772
Permanent differences – France	54	-178
Permanent differences – Germany	-174	-375
Permanent differences – Turkey	-5	-97
Permanent differences – other countries	118	-58
Tributtable dividends	-632	-370
Others	-93	292
	253	**12**

In 2014 the nominal weighted average rate of tax on profits is 30% (2013: 30%).

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

NOTE 32

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 2014 and 2013, the values for maturing rents, in accordance with their due dates, were as follows:

	2014	2013
Less than 1 year	7,285	8,074
Between 1 year and 5 years	15,609	16,796
More than 5 years	3,227	2,971
	26,121	**27,840**

In 2014 and 2013 the sums of 6,793 thousand Euros and 8,576 thousand Euros, respectively, were recorded as the operational lease costs for each year.

B) GUARANTEES

On December 31, 2014 and 2013, the liabilities assumed by the Group in guarantees to third parties, were as follows:

	2014	2013
BANK GUARANTEES		
In favour of financial institutions	76,175	73,121
In favour of third parties and of an operational nature	788	1,050
REAL GUARANTEES		
On tangible fixed assets	12,599	14,467
	89,562	**88,638**

On December 31, 2014, the financial liabilities regarding the guarantees made by the Company to various financial institutions totalized 76.2 million Euros (2013: 73.1 million Euros), of which about (i) 7.5 million Euros (2013: 7.5 million Euros) in Inapa France because of contracted loans; (ii) 41.8 million Euros (2013: 41.9 million Euros) to issue commercial paper in Inapa – IPG e Inapa Portugal; (iii) 7.3 million euros in Inapa – Portugal for financing purposes (2013: 6.7 million euros); (iv) 14.4 million Euros in Inapa Espanha related with the financing of factoring (2013: 14 million euros) and; (v) 2.9 million euros for Inapa Suisse's financing purposes (2013: 2.8 million euros); (vi) 0.9 million Euros related to Tradembal for financing purposes; (vii) 0.6 million Euros related to Crediforma for financing purposes and factoring; (viii) 0.5 million related with Inapa Shared Center for financing purposes and; (ix) 0.4 million Euros related to Da Hora for financing purposes.

A foreigner Group Inapa subsidiary had given several real guarantees, over tangible fixed assets, in the amount of 12.6 million Euros, related to medium and long term loans (2013: 14.4 million Euros).

NOTE 33

Contingencies

Contingent liabilities

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

- a anulação dos seguintes atos:
  - 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 34

Related parties transactions

The balances on December 31, 2014 and 2013 with entities related to the Group are as follows:

							2014
	TRADE RECEIVABLES	BANK DEPOSITS	CURRENT ASSETS	BANK LOANS	FIXED ASSETS SUPPLIER	SUPPLIERS	CURRENT LIABILITIES
PMF	-	-	3,556	-	-	-	-
Surpapel SL	69	-	913	-	-	-	2,500
Megapapier	2	-	87	-	-	-	48
BCP	2	258	1	101,463	3,795	-	1,060
	73	**258**	**4,556**	**101,463**	**3,795**	**-**	**3,608**

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

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

				2014
	SALES AND SERVICE RENDERED	OTHER INCOME	OTHER COSTS	FINANCIAL COSTS
PMF	-	36	-	-
Surpapel SL	100	-	-	-
Megapapier	-	-	-	-
BCP	-	-	-	2,791
	100	**36**	**-**	**2,791**

				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**

The related parties considered relevant for the purposes of the financial statements were the subsidiaries mention on Note 35, the associated companies given in Note 10, the shareholders given in Note 18 and the Governing Bodies.

Governing Bodies's Remuneration

As remunerações pagas pela Inapa – IPG aos membros dos Órgãos sociais em 2014 e 2013, analisam-se como se segue (milhares de euros):

	2014	2013
BOARD OF DIRECTORS		
Wages	1,115.08	1,126.86
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Payments in shares	-	-
	1,115.08	1,126.86
AUDIT COMMITEE*		
Remuneration	103,50	107,25
GENERAL MEETING BOARD		
Remuneration	10,00	10,00

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

NOTE 35

Companies included in consolidation

The subsidiaries included in the consolidation by the integral consolidation method, on December 31, 2014, 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	100.00	Paper Supply	Inapa – IPG, SA	1988
Inapa España Distribuición de Papel, SA	c/ Delco, Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid	100.00	Paper Supply	Inapa – IPG, SA	December 1998
Inapa France, SA	91813 Corbeil Essones Cedex, France	100.00	Paper Supply	Inapa – IPG, SA	May 1998
Inapa Belgique	Vaucampslan, 30 1654 Huizingen, Belgium	99.94	Paper Supply	Inapa – IPG, SA	May 1998
Inapa Packaging, SA	14, Impasse aux Moines 91410 Dourdon, France	100.00	Packaging	Europacking SGPS, Lda	January 2008
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	92.5	Holding	Inapa – IPG, SA	April 2000
Papier Union, GmbH	Warburgstraß, 28 20354 Hamburgo, Germany	100.00	Paper Supply	Inapa Deutschland, GmbH	April 2000
Inapa Packaging, GmbH	Warburgstraß, 28 20354 Hamburg, Germany	100.00	Holding	Papier Union, GmbH	2006
Inapa – Merchants, Holding, Ltd	Torrington House, 811 High Road Finchley N12 8JW UK	100.00	Holding	Inapa – IPG, SA	1995

DESIGNATION	REGISTERED OFFICE	GROUP % STAKE	ACTIVITY	DIRECT SHAREHOLDER	INCORPORATION DATE
Complott Papier Union, GmbH	Industriestrasse 40822 Mettmann, Germany	100.00	Visual Communication	Paper Union, GmbH	January 2008
Inapa Suisse	Althardstrasse 301 8105 Regensdorf, Switzerland	100.00	Paper Supply	Inapa – IPG, SA and Papier Union, GmbH	May 1998
Edições Inapa, Lda	Rua Braamcamp 40 – 9º D 1250-071 Lisbon, Portugal	100.00	Publishing	Inapa – IPG,SA	November 2009
Europackaging SGPS, Lda	Rua Castilho, 44 – 3º 1250-071 Lisbon	100.00	Holding	Inapa – IPG, SA	October 2011
Inapa Angola – Distribuição de Papel, SA	Rua Amílcar Cabral nº 211 Edifício Amílcar Cabral nº 8 Luanda, Angola	100.00	Paper Supply	Inapa Portugal	December 2009
Semaq Emballages, SA	Rue de Strasbourg ZI de Bordeaux Fret , France	100.00	Packaging	Inapa Packaging, 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	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra, Portugal	100.00	Packaging	Inapa Embalagem, Lda	November 2012
Crediforma – Papelaria e Equipamento Técnico, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra, Portugal	100.00	Visual Communication	Inapa Portugal, SA	January 2013
KORDA Kağıt Pazarlama ve Ticaret Anonim Şirketi	Kasap Sokak, Konak Azer 34394 Istambul, Turkey	100.00	Paper Supply	Inapa – IPG, SA	September 2013
Tradembal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, SA	Rua da Industria, 9 Porto Salvo 2740 Oeiras, Portugal	75.00	Packaging	Inapa Embalagem, Lda,	September 2013

In 2014 there were the following amendments in respect of companies included in consolidation: merge of Inapa Packaging, Gmbh, HTL Verpackung, Gmbh and Hennessen & Potthoff, Gmbh and Realpack Gmbh with an incorporation in Inapa Packaging, Gmbh.

It was also verified the merge between Inapa Viscom, Gmbh in Complott Papier Union, Gmbh.

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 10 and 36), and other companies where the Inapa Group has shares, are given in Note 34.

NOTE 36

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 10 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 37

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 (Note 22).

NOTE 38

Costs related to the services provided by the current auditors

In the years ending on December 31, 2014 and 2013, the costs relating to the services provided to subsidiary companies by the principal auditors, were as follows:

	2014	2013
Statutory Audit	424	543
Tax consultation services	8	8
Other services	12	6
	444	556

NOTE 39

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, 2014 (which shows total assets of Euro 664,592 thousand and total shareholder's equity of Euro 191,452 thousand, including non-controlling interests of Euro 133 thousand and a net profit of Euro 2,078 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 451° 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, 2014, 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 245°-A of the Portuguese Securities Market Code.

March 19, 2015

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.

INDIVIDUALS ACCOUNTS

BALANCE SHEET AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

ASSETS	NOTES	DECEMBER 31, 2014	DECEMBER 31, 2013
NON-CURRENT ASSETS			
Tangible fixed assets	6	23.0	17.5
Investment properties	7	14,845.3	15,412.7
Other intangible assets	8	160.8	161.1
Investments – equity method	9	316,928.1	302,413.2
Investments – others methods	9	12.7	12.7
Other non-current receivables	13	23,017	37,212.3
Deferred tax assets	10	551.5	242.5
Total non-current assets		**355,538.3**	**355,472.1**
CURRENT ASSETS			
Trade receivables	11	1,427.2	762.0
Tax to be recovered	12	599,8	1,213.9
Other current receivables	13	18,703.7	18,293.2
Deferrals		336,3	73.0
Cash and bank deposits	4	107,6	150.9
Total current assets		**21,174.5**	**20,493.0**
Total assets		**376,712.8**	**375,965.1**

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

BALANCE SHEET AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

SHAREHOLDERS EQUITY	NOTES	DECEMBER 31, 2014	DECEMBER 31, 2013
Share capital	15	180,135.1	204,176.5
Issuance premium	15	451.1	451.1
Legal reserves	15	7,563.7	7,500.0
Other reserves	15	890.5	225.5
Retained earnings	15	2,640.8	-19,531.6
Other shareholders equity changes	15	-2,441.6	-1,447.1
Net profit/(loss) for the year	15	2,078.4	1,273.4
Total shareholders equity		**191,318.1**	**192,647.7**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans	16	100,595.5	67,065.1
Deferred tax liabilities	10	-	12.2
Other payables	17	2,500.0	1,470.4
Total non-current liabilities		**103,095.5**	**68,547.6**
CURRENT LIABILITIES			
Suppliers		-	77.4
Tax liabilities	12	211.9	285.8
Loans	16	74,637.2	110,067.4
Other payables	17	7,450.1	4,339.2
Outros passivos financeiros			-
Total current liabilities		**82,295.2**	**114,769.8**
Total liabilities		**185,394.7**	**183,317.4**
Total shareholders equity and liabilities		**376,712.8**	**375,965.1**

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

INCOME STATEMENT AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros)

INCOME AND EXPENSES	NOTES	DECEMBER 31, 2014	DECEMBER 31, 2013
Sales and Service rendered	18	1,985.1	1,172.7
Gains/(losses) in associated/subsidiary companies	9	2,226.5	3,412.5
General and administrative expenses	19	-1,453.1	-2,286.8
Personnel costs	20	-2,524.6	-2,305.0
Impairment on current assets	14	-	-
Other gains and profits	18	10,167.6	10,297.8
Other losses and expenses	21	-173.6	-451.2
Net profit/(loss) before depreciations, financial function and income tax		**10,227.9**	**9,840.1**
Depreciations and amortizations	22	-584.4	-586.5
Operacional result (before financial function and income tax)		**9,643.6**	**9,253.6**
Financial income – intererest and similar gains	23	1,665.3	1,754.4
Financial costs – interest and similar costs	23	-9,382.2	-9,227.0
Net profit/(loss) before Income tax		**1,926.7**	**1,781.0**
Income tax	10	151,8	-507.7
Net profit/(loss) for the period	24	**2,078.4**	**1,273.4**
Earnings per share	24	0.005	0.002

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

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY AS AT DECEMBER 31, 2014, AND DECEMBER 31, 2013

(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, 2012	**204,176.5**	**451.1**	**7,725.5**	**-18,006.4**	**3,902.5**	**-5,949.0**	**192,300.2**
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**
SAHREHOLDERS 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**
CHANGES IN PERIOD							
Equity method application	-	-	-	-1,871.8	1,871.8	-	-
Other changes on shareholders equity	-	-	-	-	2,866.3	-	-
	-	**-**	**-**	**1,871.8**	**-994.5**	**-**	**-2,866.3**
Net profit/(loss) for the period	-	-	-	-	-	2,078.4	2,078.4
Total profit/(loss)	**-**	**-**	**-**	**-1,871.8**	**-994.5**	**2,078.4**	**-787.8**
SAHREHOLDERS EQUITY MOVEMENTS IN THE PERIOD							
Capital increase	-	-	-	-	-	-	-
Capital decrease	-24,041.4			24,041.4			-
Distribuitions	-	-	-	-	-	-541.8	-541.8
Other operations							
Net profit/(loss) applications	-	-	728.7	2.9	-	-731.6	-
	-24,041.4	**-**	**728.7**	**24,044.3**	**-**	**-1,273.4**	**-541.8**
AS AT DECEMBER 31, 2014	**180,135.1**	**451.1**	**8,454.1**	**2,640.8**	**-2,441.6**	**2,078.4**	**191,318.1**

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

CASH FLOW STATEMENT AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros) – direct method

	NOTES	DECEMBER 31, 2014	DECEMBER 31, 2013
CASH FLOW GENERATED FROM OPERATING ACTIVITIES			
Cash receipts from customers		4,990.9	955.8
Payments to suppliers		-2,713.4	-2,258.4
Payments to personnel		-2,291.2	-2,279.2
Net cash from operational activities		**-13.7**	**-3,581.8**
Income taxes paid		-141.7	-164.7
Income taxes received		-	-
Other proceeds relating to operating activity		10,436.0	13,034.6
Other payments relating to operating activity		-3,396.4	-8,617.8
Net cash generated from operating activities	1	**6,884.2**	**670.3**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from:			
Financial investments		-	-
Tangible fixed assets		-	-
Interest and similar income		1,325.0	753.0
Loans conceded		3,157.5	6,480.0
Dividends		120.0	1,881.5
		4,602.5	**9,114.5**
Payments in respect of:			
Financial investments		-1,125.2	-3,777.1
Tangible fixed assets		-7.1	-
Intangible assets		-	-
Loans granted		-1,326.0	-7,988.6
		-2,458.3	**-11,765.7**
Net cash used in investing activities	2	**2,144.1**	**-2,651.2**

To be read in conjunction with the Notes to the Individual financial statements.

CASH FLOW STATEMENT AS AT DECEMBER 31, 2014

(Amounts expressed in thousand euros) – direct method

	NOTES	DECEMBER 31, 2014	DECEMBER 31, 2013
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from:			
Loans obtained		59,199.2	76,478.0
Capital increases, repayments and share premiums		-	-
Treasury placements		-	-
		50,199.2	**76,478.0**
Payments in respect of:			
Loans obtained		-24,145.6	-94,670.6
Amortization of financial leases		-730.0	-728.4
Interest and similar expenses		-6,414.5	-8,670.0
Dividends		-541.7	-
		-31,831.8	**-104,069.0**
Net cash used in financing activities	3	**27,367.4**	**-27,591.0**
Increase/(decrease) in cash and cash-equivalent	1+2+3	36,395.6	-29,571.9
Effect of exchange differences		0.0	-0.1
		36,395.6	**29,572.0**
Cash and cash equivalents – beginning of period	4	-47,008.0	-17,436.0
Cash and cash equivalents – end of period	4	-10,612.4	-47,008.0
		36,395.6	**29,572.0**

To be read in conjunction with the Notes to the Individual financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts in thousands of euros, except if mentioned otherwise)

NOTE 1

Introduction and identification

Inapa – Investimentos, Participações e Gestão, SA (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 15.

Headquarters: Rua Braamcamp 40 - 9º D, 1250-050 Lisboa, Portugal
Capital: 180,135,111 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 Standardization System] (SNC)

These financial statements were approved by the Board of Administration, at the meeting of March 19th 2015. 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 Standardization 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 2014 are comparable in all significant aspects with those of fiscal year 2013.

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 straight-line 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 Note 5.3 and 9.

(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.

Costumers 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 11 and 13).

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 14).

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 16).

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 4).

(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 14). 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 9).

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

Cash flows

The Cash and cash equivalents as at December 31, 2014 and 2013 are analyzed as follows:

	2014	2013
Immediately available bank deposits	107.1	150.4
Funds	0.5	0.5
Cash and bank deposits in balance sheet	**107.6**	**150.9**
Bank overdrafts	-10,720.4	-47,159.0
Cash and its equivalents	**-10,612.4**	**-47,008.0**

NOTE 5

Related parties

5.1. Related to the parent company

As mentioned in Note 1, Inapa – IPG is the parent company of the Inapa Group, whereas in Note 5.3 the balances with shareholders are disclosed.

5.2. Remuneration provided to members of the Corporate

The remuneration paid by Inapa – IPG to the members of the Governing Board in 2014 and 2013 are analyzed as follows (euros):

	2014	2013
BOARD OF ADMINISTRATION		
Remunerations	1,115,077	1,126,860
Post-employment benefits	-	-
Other long-term benefits	-	-
Benefits from employment termination	-	-
Payment in shares	-	-
	1,115,077	**1,126,860**
AUDIT COMMITTEE*		
Remunerations	103,500	107,252
PRESIDING BOARD OF GENERAL MEETING		
Remunerations	10,000	10,000

* Remuneration paid to the members of the Audit Committeeis included in the Administration Board's Remuneration amount.

5.3. Balances with other related parties

The Company maintains business and financing relationships with subsidiaries.

The subsidiaries owned directly by the Company at December 31, 2014, are as follows:

DESIGNATION	HEADQUARTERS	% OF DIRECT PARTICIPATION	ACTIVITY
Inapa France, SA	91813 Corbeil Essones Cedex France	100.00	Paper Supply
Inapa Deutschland, GmbH	Warburgstraß, 28 20354 Hamburgo Germany	92.5	Holding
Inapa Suisse	Althardstrasse 301 8105 Regensdorf, Switzerland	32.50	Paper Supply
Edições Inapa, Lda	Rua Braamcamp 40 – 9ºD 1250-050 Lisbon	100.00	Editing
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	100.00	Paper Supply
Inapa España Distribuición de Papel, SA	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid	100.00	Paper Supply
Inapa Belgique	Vaucampslan, 30 1654 Huizingen Belgium	99.94	Paper Supply
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	99.75	Shared Services
KORDA Kağıt Pazarlama ve Ticaret Anonim Şirketi	Kasap Sokak. Konak Azer 34394 Istambul, Turkey	100.00	Paper Supply

On 31 December 2014 and 2013, balances with Inapa Group of companies were as follows:

2014

	CURRENT ASSETS			LIABILITIES – FINANCING OBTAINED			
		OTHER RECEIVABLES	ASSETS NON CURRENT		OTHER BORROWINGS (NOTE16)		OTHER CREDITORS
					OTHER RECEIVABLES		
COMPANY	CLIENTS	GROUP COMPANIES	GROUP COMPANIES	BORROWINGS OBLIGATIONAL	NONCURRENT	CURRENT	CURRENT
Inapa Portugal, SA	274.5	2,855.6	-	-	-	13,298.2	2,039.7
Edições Inapa, Lda	-	1,203.1	-	-	-	-	-
Inapa France, SA	275.2	5.5	-	45,226.2	-	-	889.1
Inapa Belgique, SA	2.7	2,483.8	-	-	-	-	166.0
Inapa España, SA	148.5	124.3	2,500	-	-	3,500	141.5
Inapa Deutschland, GmbH	87.5	229.1	20,517.0	-	-	1,500.0	140.2
Papier Union	433.9	-	-	-	-	-	-
Inapa Shared Center	3.1	-	-	-	-	500.0	992.9
Inapa Suisse	16.2	4.1	-	-	6,366.7	-	23.8
Europackaging SGPS, Lda	160.3	6,604.5	-	-	-	-	-
Da Hora	25.0	5.5	-	-	-	-	-
Inapa Angola	-	15.2	-	-	-	-	-
Korda	-	1,300.1	-	-	-	-	-
Inapa Merchants	-	-	-	-	-	-	327.3
Other´s	0.3	9.4	-	-	-	-	-
	1,427.2	**14,840.1**	**23,017**	**45,226.2**	**6,366.7**	**18,798.2**	**4,720.4**

2013

	CURRENT ASSETS			LIABILITIES – FINANCING OBTAINED			
		OTHER RECEIVABLES	ASSETS NON CURRENT		OTHER BORROWINGS (NOTE16)		OTHER CREDITORS
					OTHER RECEIVABLES		
COMPANY	CLIENTS	GROUP COMPANIES	GROUP COMPANIES	BORROWINGS OBLIGATIONAL	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
Other's	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**

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 Belgium and Inapa Deutschland, GmbH bear interest at current market rates. From the receivable balance from Europackaging, Lda, only 2,7 million euros bear interest at current market rates.

The liabilities balances to Inapa Suisse and Inapa France bear interest at current market rates.

The payables balances to Inapa Suisse, Inapa Portugal, Inapa Spain 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 15 and 16).

During the years 2014 and 2013, transactions with related parties were as follows:

				2014
	SALES AND SERVICES RENDERED	OTHER INCOME AND FINANCIAL INCOME	OTHER EXPENSES	FINANCIAL COSTS
Inapa Portugal, SA	243.3	1.5	6.5	536.2
Edições Inapa, Lda	4.5	-	-	-
Inapa France, SA	457.7	44.0	-	1,089.7
Inapa Belgique, SA	6.0	2.4	-	-
Inapa Luxembourg, SA	0.2	0.2	-	-
Inapa España, SA	158.4	684.1	-	280.1
Inapa Deutschland, GmbH	973.0	1,266,6	-	47.9
Papier Union	-	-	-	-
Inapa Shared Services	3.0	-	193.5	38.3
Inapa Suisse	87.0	-	-	143.9
Europackaging	58	119.0	-	-
Inapa Packaging	-	-	-	-
BCP	-	-	-	1,156.8
	1,985.1	**2,117.9**	**200.0**	**3,292.9**

				2013
	SALES AND SERVICES RENDERED	OTHER INCOME AND FINANCIAL 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**

NOTE 6

Tangible fixed assets

During the fiscal year ended 31 December 2014, 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 2014	13.7	10.5	-	113.4	6.3	143.9
Increases	-	-	7.1	-	-	7.1
Divestitures	-	-	-	-	-	-
Transfers/deductions	-	-	-	-	-	-
Balance as at 31 December 2014	**13.7**	**10.5**	**7.1**	**113.4**	**6.3**	**151.0**
ACCRUED DEPRECIATIONS						
Balance as at 1 January 2014	5.5	9.3	-	108.7	3.0	126.4
Reinforcement	-	-	-	1.3	0.4	1.6
Divestitures	-	-	-	-	-	-
Transfers/deductions	-	-	-	-	-	-
Balance as at 31 December 2014	**5.5**	**9.3**	**-**	**110.0**	**3.4**	**128.0**
Net value as at beginning of 2014	8.2	1.2	-	4.7	3.3	17.5
Net value as at end of 2014	**8.2**	**1.2**	**7.1**	**3.4**	**2.9**	**23.0**

During the fiscal year ended 31 December 2013, 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 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	**2.7**	**7.9**	**-**	**107.4**	**2.6**	**120.6**
Balance as at 1 January 2013	2.8	1.4	-	1.3	0.4	5.8
Reinforcement	-	-		-	-	-
Divestitures	-	-	-	-	-	-
Transfers/deductions	5.5	9.3	-	108.7	3.0	126.4
Balance as at 31 December 2013						
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**

NOTE 7

Investment properties

During the fiscal year ended on 31 December 2014, 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 2014	**3,904.6**	**14,045.4**	**17,950.0**
Increases	-	-	-
Divestitures	-	-	-
Transfers/write-offs	-	-	-
Balance as at 31 December 2014	**3,904.6**	**14,045.4**	**17,950.0**
ACCRUED DEPRECIATIONS			
Balance as at 1 January 2014	**-**	**2,537.3**	**2,537.3**
Reinforcements	-	567.4	567.4
Divestitures	-	-	-
Transfers/write-offs	-	-	-
Balance as at 31 December 2014	**-**	**3,104.7**	**3,104.7**
Net value as at beginning of 2014	3,904.6	11,508.1	15,412.7
Net value as at end of 2014	**3,904.6**	**10,940.7**	**14,845.3**

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**

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 16). The assets underlying these contracts were subsequently leased to Inapa Spain, SA for a period of six years, whereas the rents charged for this transaction are reflected under the heading "Other income and gains".

NOTE 8

Intangible assets

During the year ended 31 December 2014, the transactions in the items of intangible assets were as follows:

	SOFTWARE	OTHER INTANGIBLE ASSETS	IN COURSE	TOTAL
COST OF ACQUISITION				
Balance as at 1 January 201	**197.4**	**169.4**	**88.1**	**454.8**
Increases		3.7	11.4	15.0
Divestitures	-	-	-	-
Transfers/write-offs	-	-	-	-
Balance as at 31 December 2014	**197.4**	**173.1**	**99.5**	**469.8**
ACCRUED DEPRECIATIONS				
Balance as at 1 January 2014	**193.8**	**100.0**	**-**	**293.8**
Reinforcements	2.7	12.7	-	15.3
Divestitures	-	-	-	-
Transfers/write-offs	-	-	-	-
Balance as at 31 December 2014	**196.5**	**112.7**	**-**	**309.1**
Net value as at beginning of 2014	3.6	69.4	88.1	161.1
Net value as at end of 2014	**0.9**	**60.4**	**99.5**	**160.8**

During the year ended 31 December 2013, the transactions in the items of intangible assets were as follows:

	SOFTWARE	OTHER INTANGIBLE ASSETS	IN COURSE	TOTAL
COST OF ACQUISITION				
Balance as at 1 January 2013	**197.4**	**126.3**	**51.3**	**374.9**
Increases	-	43.1	36.8	79.9
Divestitures	-	-	-	-
Transfers/write-offs	-	-	-	-
Balance as at 31 December 2013	**197.4**	**169.4**	**88.1**	**454.8**
ACCRUED DEPRECIATIONS				
Balance as at 1 January 2013	**190.1**	**86.8**	**-**	**276.9**
Reinforcements	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 value as at end of 2013	**3.6**	**69.4**	**88.1**	**161.1**

NOTE 9

Investments

On 31 December 2014 and 2013, 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:

							2014		2013
	HEADQUARTERS	ASSETS*	EQUITY*	NET INCOME*	% OF SHARE	ALLOCATED INCOME	BALANCE VALUE	% OF SHARE	BALANCE VALUE
STOCK SHARE IN SUBSIDIARIES & ASSOCIATES									
a) Portuguese									
Inapa Portugal, SA	Sintra	47,470.0	17,332.1	1,761.3	100.0%	1,897.9	77,233.9	99.8%	75,336.0
Inapa España, SA	Madrid	28,408.3	11,811.8	-1,713.4	100.0%	-1,567.2	62,912.7	100.0%	64,479.9
Edições Inapa, Lda	Lisbon	992.2	-336.5	-97.1	100.0%	-97.1	502.9	100.0%	600.0
Inapa Shared Center, Lda	Sintra	3,535.1	1,822.4	617.8	99.8%	134.8	234.5	98.0%	99.7
Europackaging – SGPS, SA	Lisbon	8,171.3	474.4	231.0	100.0%	-130.2	-125.2	100.0%	5.0
						238,1	**140,758,8**		**140,520.7**
b) Foreign									
Inapa France, SA	France	229,423.9	146,156.1	262.4	100.0%	0.4	235,245.5	100.0%	235,245.1
Inapa Deutschland, GmbH	Germany	150,574.6	74,708.2	-2,499.0	92.5%	3,182.8	120,927.5	100.0%	117,744.7
Inapa Switzerland	Switzerland	22,151.1	16,538.1	-1,267.0	32.5%	-1,012.9	4,110.2	32.5%	5,123.1
Korda	Turkey	15,906.8	5,819.6	165.3	100.0%	-20.3	5,283.2	100.0%	5,303.5
IMH	UK	367.1	367.1	0.0	100.0%	0.0	14,041.5	100.0%	14,041.5
Inapa Bélgica	Belgium	6,320.5	995.2	-153.0	99.9%	-161.6	10,353.4	99.9%	10,515.0
						1,988.4	**389,961.3**		**387,972.9**
Ajustment by application of the equity method							-213,792.0		-226,080.3
						2,226.5	**316,928.1**		**302,413.3**
STOCK SHARE IN OTHER COMPANIES									
Book average – Activities Editoriais, SA	Lisbon	**	**	**	3.9%		83.1	3.9%	83.1
Others							12.7		12.7
Impairment							-83.1		-83.1
							12.7		**12.7**

* Information relating to statutory financial statements.
**Financial information not available on the date.

The appropriate income was calculated after the regulatory adjustments within the scope of the equity method application.

In 2014, was received an amount of 1,541 thousand euros from the subsidiaries Inapa Shared Center (120 thousand euros) and Inapa Portugal (1,421 thousand euros), related with dividends.

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 2019. 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:

	2014	2013
Growth rate of sales	1.85%	1.85%
EBITDA margin	3.6%	4.0%
Inflation rate	2.0%	2.0%
Discount rate after taxes	5.7%	6.4%
Discount rate before taxes	6.9%	8.1%

NOTE 10

Income tax – current and deferred

Since 2003, the Company and its Portuguese subsidiaries (Inapa Portugal, Edições Inapa, Inapa Shared Center, Inapa Embalagem and 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 75% 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, five years for those generated in 2012 and 2013 and twelve years for those generated in 2014 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 23%, plus 1.5% spread, resulting in an aggregate tax rate of 24.5%. In 2015, the rate will decrease to 21%. Additionally, since 2010 Inapa is subject to a state tax spread rate corresponding to a rate of 3%, levied on taxable income that exceed 1.5 million euros and 5% when the taxable income is higher than 10 million years. 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 2014 and 31 December 2013 is as follows:

	31 DECEMBER 2014		31 DECEMBER 2013		
	BASE	DEFERRED TAX	BASE	DEFERRED TAX	INCOME OF FISCAL YEAR
DEFERRED TAX ASSET:					Dr/(Cr)
Fiscal losses	2,260.0	508.5	510.0	127.5	-381.0
Transitional adjustment					
intangible assets	-	-	221.8	59.0	59.0
financial discount	-	-	11.8	3.0	3.0
Others	195.6	43.0	214.2	53.0	9.7
		551.5		**242.5**	
DEFERRED TAX LIABILITIES:					
Adjustment of transition					
financial discount	-	-	42.8	12.1	-12.0
Deferred tax of the fiscal year					**-321.2**

The deferred taxes were calculated on the tax loss ascertained under the special tax regime for corporate groups. As at 31 December 2014, 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
2012	2,260	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:

	2014	2013
Net income on profits before taxes	1,926.7	1,781.0
Nominal tax rate (24.5%)	-472.0	-472.0
Tax amount on income	151.8	-507.7
	623.8	**-35.7**
Equity method effect	545.5	904.3
Tax losses	957.7	-
Non-deductible expenses	-169.3	-415.9
Effects of Special Group Tax Regime	-710.1	-440.9
Others (*)	-	-83.2
	623.8	**-35.7**

The taxes booked in the profit and loss account for 2014 and 2013 are detailed as follows:

	2014	2013
Current tax	169.4	497.9
Deferred tax	-321.2	10.3
	-151.8	**508.2**

NOTE 11

Clients

On 31 December 2014 and 2013, the breakdown of the Clients item is as follows:

	2014	2013
Clients – group (Note 6.3)	1,427.2	762.0
Clients – others	-	-
Bad debt clients	-	-
	1,427.2	**762.0**
Impairment losses	-	-
	1,427.2	**762.0**

NOTE 12

The state and other public entities

On 31 December 2014 and 2013 there were no debts in arrears vis-à-vis the State and other public entities. The balances with these entities were as follows:

	SALDOS DEVEDORES		SALDOS CREDORES	
	2014	2013	**2014**	2013
Tax on Added Value	141.3	781.2	-	-
Tax on Personal Income Collections	458.5	432.7	105.8	193.1
Social Security	-	-	52.7	35.6
Tax on Personal Income Single – withholding tax	-	-	53.4	57.0
	599.8	**1,213.9**	**211.9**	**285.8**

NOTE 13

Other receivables

On 31 December 2014 and 2013, the breakdown of the item Other receivable accounts, is as follows:

	2014	2013
OTHER RECEIVABLES – NONCURRENT		
Inapa Deutschland (Note 5)	20,517.0	20,517.0
Inapa España (Note 5)	2,500.0	-
Fimoprov	-	16,695.3
Others	347.5	347.5
	23,364.5	37,559.8
Impairment losses	-347.5	-347.5
	23,017.0	**37,212.3**
OTHER RECEIVABLES – CURRENT		
Income increases		
Bank interest receivable	-	-
Amounts to be invoiced (Note 18)	2,548.5	2,763.7
	2,548.5	**2,763.7**
OTHERS DEBTORS		
Cash advances to personnel	-	-
Group Companies (Note 5)	14,840.1	14,697.4
Cash advances for account of Group companies	-	-
Insurances	-	-
Other debtors	1,315.1	832.1
	16,155.2	**15,529.5**
Impairment losses	-	-
	18,703.7	**18,293.2**

On 31 December 2014, the Company acquired the Papier Union, Gmbh participation held by Fimopriv, in the amount of 16,695.3 thousand euros.

The balances of non-current receivables from Inapa Deutschland GmbH bear interest at current market rates.

NOTE 14

Impairments

During the years 2014 and 2013, the recognized asset impairments had the following transactions:

	FINANCIAL SHARING	OTHER RECEIVABLES M/L TEAM	OTHER RECEIVABLES SHORT TERM	TOTAL
Balance as at 1 January 2013	**83.1**	**347.5**	**-**	**430.6**
Reinforcement	-	-	-	-
Utilizations	-	-	-	-
Reversals	-	-	-	-
Balance as at 31 December 2013	**83.1**	**347.5**	**-**	**430.6**
Reinforcement	-	-	-	-
Utilizations	-	-	-	-
Reversals	-	-	-	-
Balance as at 31 December 2014	**83.1**	**347.5**	**-**	**430.6**

NOTE 15

Capital, reserves and other items of equity

On 31 December 2014 and 2014, the equity details are as follows:

	2014	2013
Capital	180,135.1	204,176.5
Issuance premium	451.1	451.1
Legal reserves	7,563.7	7,500.0
Other reserves	890.5	225.5
Retained earnings	2,640.8	-19,531.6
Adjustments in financial assets		
Listed with the equity method	-2,441.6	-1,447.1
Net income of the fiscal year	2,078.4	1,273.4
	191,318.1	**192,647.7**

On 31 December 2014 and 2013, 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.

On December 31, 2014, the Group does not own shares or have occurred any purchases during the year 2014 transactions of own shares.

The awards 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.

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 of April 10, 2014, the shareholders of INAPA – Investimentos, Participações e Gestão, SA deliberated, among other things, the reduction of share capital of 204,176,479 to 180,135,111 euros and about the proposal for application results presented by the Board of Directors, under which the net income for 2013, in the amount of 1,273,356.19 Euros, would be applied as follows: i) to legal reserve 63,667.81 euros; ii) for priority dividend on preferred shares 541,764.79 Euros; iii) to free reserves 665,000.00 Euros and; iv) to retained earnings 2,923.59 Euros.

The payment of the approved priority dividend was held on May 12, 2014. The capital reduction was approved, having been registered in the Commercial Register. This capital reduction was aimed to cover accumulated losses at September 30, 2013 and does not imply any reduction in the number or value of shares issued as these have no par value.

Moreover, the distribution of priority dividends on preferred stock for the years 2012 and 2013 was not approved, passing these "to confer voting rights on the same terms that the common shares and only lost in the year following that in which they were priority paid dividends."

Thus, during the months of April and May 2014, the company has been notified, in accordance with Articles 16 and 248 – B of the Securities Code and CMVM Regulation 5/2008, the change of qualifying holdings.

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

The shareholder structure as of December 31, 2014, is as follows:

	DECEMBER 31, 2014				
SHAREHOLDER	ORDINARY SHARES	% OF ORDINARY SHARES	PREFERENCIAL SHARES	% PREFERENCIAL SHARES	% VOTING RIGHTS
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	-	-	8.26%
Shares attributed to CGD	2,762	0.002%	148,888,866	49.47%	25.07%
Parcaixa – SGPS, SA	-	-	148,888,866	49.47%	25.07%
CGD Pensões – Sociedade Gestora de Fundos de Pensões, SA	1,262	0.001%	-	-	0.000%
Caixa – Banco de Investimento, SA	1,500	0.001%	-	-	0.000%
Shares attributed to Millennium BCP	26,986,310	17.99%	121,559,194	40.39%	32.94%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	45,810,827	15.22%	13.81%
Banco Comercial Português	10,494,412	7.00%	75,748,367	25.17%	19.12%
Novo Banco, SA	-	-	27,556,665	9.16%	6.11%
Nova Expressão SGPS, SA	9,500,000	6.33%	-	-	2.11%
Total of qualified participations	85,573,810	57.05%	298.004.725	99.01%	74.49%

SHAREHOLDER	DECEMBER 31, 2013		
	NUMBR OF ORDINARY SHARES	% OF ORDINARY SHARES	% VOTING RIGHTS
Parpública – Participações Públicas (SGPS), SA	49,084,738	32.72%	32.72%
Shares attributed to Banco Comercial Português, SA (art 20º do CVM)	27,361,310	18.24%	18.24%
Fundo de Pensões do Grupo Banco Comercial Português	16,491,898	10.99%	10.99%
Banco Comercial Português	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%
Shares attributed to CGD (art 2º do CVM)	-	-	-
Fundo de Pensões da CGD	-	-	-
Caixa Banco de Investimento, SA	-	-	-
Parcaixa -SGPS, SA	-	-	-
BES	-	-	-
Total of qualified participations	**89,981,048**	**59.99%**	**59.99%**

NOTE 16

Financing obtained

On 31 December 2014 and 2013, loans obtained items are analysed as follows:

	2014	2013
NONCURRENT		
Guaranteed bonds (Note 5)	45,226.2	45,256.8
Bank loans	39,499.4	17,459.1
Commercial Paper	7,450.0	
Financial leases	2,053.2	2,638.5
Group Companies (Note 5)	6,366.7	1,710.7
	100,595.5	**67,065.1**
CURRENT		
Guaranteed bonds (Note 5)	-	-
Commercial paper	32,357.3	40,222.1
Overdrafts and bonded accounts	4,720.0	41,038.8
Bank loans	6,000.0	5,986.9
Other short term loans	500.3	-
"Medium and long-term financial instruments (portion maturity within 1 year)"	11,675.7	4,276.3
Financial leases	585.7	580.5
Group Companies (Note 5)	18,798.2	17,962.8
	74,637.2	**110,067.4**
	175,232.7	**177,132.5**

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 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 2014 and 2014 these bonds were in possession of Inapa France, SA.

The bank loans item – noncurrent (39,499.4 thousand euros) and current (11,675.7 thousand euros) include four bank loans maturing in 2021.

The total debt related with Commercial Paper is in the amount of 39,050 thousand euros and correspond to the emissions to 5 financial entities. Three emissions, in the amount of 9,050 thousand euros are reimbursed in payments with maturity between 2015 and 2021 and two emissions reimbursed by its nominal value, during the period of one year.

The debt to financial institutions, including commercial paper bear interests at current market rates.

At the end of fiscal year 2014, the Company also had bank credit lines under contract, not used, in the amount of 1,780 thousand euros.

On 31 December 2014 and 2013, the maturity of non-current loans is as follows:

	2014	2013
Up to 1 year	-	-
Between 2 and 5 years	78,496.1	67,065.1
Over 5 years	22,099.4	-
	100,595.5	**67,065.1**

The financial leases correspond to the debt for the acquisition of assets for the purposes of the financial leases contracts, whose assets are booked in "Investment Properties" (Note 7).

In 31 December 2014 and 2013, the leases debts included in Financing (Current and Non-Current), is as follows:

DEBT RELATING TO FINANCIAL LEASES	2014	2013
Investment suppliers – noncurrent	2,053.2	2,638.5
Investment suppliers – current	585.7	580.5
	2,638.9	3,219.0

DEBT RELATING TO FINANCIAL LEASES		
Value of income – not discounted		
less than 1 year	602.4	602.4
more than 1 year and less than 5 years	2,076.2	2,678.6
more than 5 years	-	-
	2,678.6	**3,280.9**
Financial onus to bear	**-39.6**	**-61.9**
Updated value of debt with leases	**2,638.9**	**3,219.0**

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 2014 and 2013, exposure of loans to changes in interest rates pursuant to the contract periods for rate setting are as follows:

INTEREST RATE SETTING PERIODS	2014	2013
Up to 6 months	164,794.6	166,385.6
Between 6 and 12 months	1,571.4	6,525.4
Between 1 and 5 years	8,866.7	4,221.5
Over 5 years	-	-
	175,232.7	177,132.5

On 31 December 2014 and 2013, the net financial debt is as follows:

LOANS	2014	2013
Current	74,637.2	110,067.4
Noncurrent	100,595.5	67,065.1
	175,232.7	**177,132.5**
Cash and bank deposits (Note 4)	107.6	150.9
	175,125.2	**176,981.6**

NOTE 17

Other payables

On December 31, 2014 and 2013, breakdown of the item Other payable accounts, is as follows:

	2014	2013
OTHER ACCOUNTS PAYABLE – NONCURRENT		
Others	2,500.0	1,470.4
	2,500.0	1,470.4
OTHER ACCOUNTS PAYABLE – CURRENT		
Expenditure increases		
Remunerations payable	528.2	322.8
Others	19.2	25.7
	549.5	348.5
Deferred income		
Services to invoice	1,451.4	-
	1,451.4	-
Other Creditors		
Group Companies (Note 5)	4,720.4	3,839.9
Others	728.8	150.8
	5,449.2	**3,990.7**
	7,450.1	**4,339.2**

NOTE 18

Sales, services and other income and gains

Em December 31, 2014 e de 2013, a rubrica de Vendas e serviços prestados corresponde essencialmente a serviços prestados a empresas do Grupo Inapa (Note 5).

In 2014 and 2013, the item Other income and earnings is detailed as follows:

	2014	2013
Other supplementary income	8,264.6	8,274.9
Royalties of Group companies	279.1	282.8
Revenues	674.6	666.3
Others	949.4	1,073.8
	10,167.6	**10,297.8**

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 2,549 thousand euros (2013: 2,764 thousand euros) are booked under Other accounts receivable (Note 13).

NOTE 19

External supplies and services

In the fiscal years 2014 and 2013, the breakdown of expenses on external supplies and services is as follows:

	2014	2013
Specialized works	455.5	811.9
Income and rents	160.3	150.6
Travel and overnight	73.3	79.5
Communication	21.8	27.1
Insurances	45.9	66.6
Marketing	461.1	990.2
Others	235.2	160.9
	1,453.1	**2,286.8**

NOTE 20

Personnel expenses

In 2014 and 2013, the balances under the heading Personnel Expenses are analyzed as follows:

	2014	2013
Payrolls	1,912.9	1,938.1
Contributions to Social Security	360.3	269.4
Other costs on personnel	251.3	97.5
	2,524.6	**2,305.0**

During the fiscal year, the Company had on average 17 employees (2013: 19 employees) working for it.

NOTE 21

Other expenses and losses

Breakdown of the item Other expenses and losses for years 2014 and 2013 is shown in the following table:

	2014	2013
Taxes	100.9	118.6
Contributions	-	9.1
Donations	7.8	-
Losses of previous fiscal years	0.1	282.4
Others	64.7	41.1
	173.6	**451.2**

NOTE 22

Expenses/reversal of depreciation and amortization

In 2014 and 2013, the balances of this item are analyzed as follows:

	2014	2013
Tangible fixed assets	1.6	5.8
Intangible assets	15.3	16.9
Investment properties	567.5	563.8
	584.4	**586.5**

NOTE 23

Financial income and expenditures

The breakdown of financial income and expenses for fiscal years 2014 and 2013 is as follows:

	2014	2013
FINANCIAL INCOME		
Interest obtained	1,393.4	1,649.8
Exchange differences income	271.9	104.6
Other earnings	-	-
	1,665.3	**1,754.4**
FINANCIAL EXPENSES		
Interest incurred	-7,259.5	-6,713.0
Exchange differences losses	-23.9	-0.8
Stamp Duty	-487.7	-448.1
Other financial costs and expenses	-1,611.1	-2,065.2
	-9,382.2	**-9,227.0**
	-7,716.9	**-7,472.6**

NOTE 24

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:

	2014	2013
Net profit and loss for the period (in euros)	2,078.489	1,273.356
Weighted average number of ordinary shares	450,980,441	450,980,441
Basic earning per share (in euros)	0.005	0.003

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.

	2014	2013
Net profit and loss for the period (in euros)	2,078,489	1,273,356
Preferred dividends declared (in euros)	-	-541,765
	2,078,489	**731,591**
"Participation of preferred shares in Net profit/(loss) for the year after preferred dividends (in euros)"	-1,387,166	-488,258
"Net profit/(loss) for the year to be charged to ordinary shares (in euros)"	691,323	243,334
Number of Ordinay Shares	150,000,000	150,000,000
Basic earnings per share (in euros)	0.005	0.002

NOTE 25

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.

- condemnation 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, SA 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, totaling 76,200 thousand euros, on behalf of Inapa France, SAS (6.5 million) and for the purpose of issuing commercial paper (41.8 million euros) and for other financings (27.6 million euros).

NOTE 26

Fees for services provided by the chartered accountant

In the fiscal years ended on 31 December 2014 and in 2013, the amounts incurred, in euros, for services rendered by the chartered accountant to Inapa – IPG are as follows:

	2014	2013
Legal Review Services of Accounts and auditing	65,800	58,950
Chartered accountant fiscal consulting services	7,850	7,500
Other services	3,750	-
	77,400	66,450

NOTE 27

Events after the balance sheet date

Until the publication of this report there were no subsequent events.

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, 2014 (which shows total assets of Euro 376,713 thousand and total shareholder's equity of Euro 191,318 thousand, including a net profit of Euro 2,078 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 451° 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, 2014, 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 245°-A of the Portuguese Securities Market Code.

March 19, 2015

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.

REPORT AND OPINION OF THE AUDIT COMMITEE 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 Article 22 of the company bylaws, the Audit Committee of Board of Directors of INAPA – Investimentos, Participações e Gestão, SA hereby presents its 2014 annual report on its auditing activities and its assessment of the management report and the individual and consolidated financial statements, relating to the financial year ended on December 31, 2014, as well as the proposal on the distribution of earnings, presented by the Board of Directors.

Activities undertaken by the Audit Committee

To align its supervisory action with the best practices in corporate governance, the Audit Committee has adopted, in its actions and beginning in 2014, the guiding model of "annual agenda for effective surveillance," which systematize the essential topics to be considered and developed by the internal supervisory boards of companies, particularly with regard to

- Organization and operation of the Audit Committee
- Financial Reporting
- Internal Audit and Internal Control
- External Audit
- Business Performance
- Risks
- Other Miscellaneous Themes

During the year, the Audit Committee regularly monitored the evolution of business and the Company's activity – and indirectly its subsidiaries in Portugal and abroad – and its management through the participation of its members in the Board of Directors meetings, verification of the minutes of the Executive Committee, specific meetings, contacts and other measures with it or with its members, the screening of periodically available operational and financial information and even the contact details deemed appropriate with the various operational and functional managers and with the Statutory Auditor and External Auditor.

Through this set of activities the Audit Committee was established to ensure in particular:

- The administration and management of the Company are always guided by the law and the bylaws and in the interests of the Company;
- The accuracy of the financial records, accounting records and supporting documents and materials;
- That the accounting policies and valuation criteria adopted are appropriate to the circumstances, leading to a correct valuation of the assets and results and are adequately disclosed;
- The adequacy and efficiency of risk and internal control management systems.

The Audit Committee was aware of key executive decisions, having analysed particularly the ones related with stakes in companies, financing, reorganization of services, cost rationalization, efficiency improvement and economic and financial development.

Regarding the negotiations to restructure the debt of the Group the Audit Committee has consistently followed its evolution and the terms and conditions agreed and achieved, whether through the participation of its members in meetings of the Board of Directors or in contacts and specific diligences with the Executive Committee.

In accordance with rules on related entities with business, it was submitted to the Committee the specific audit assessment two cases, being one of them related with the restructuring of debt, on which gave a favourable opinion.

Under the rules of the Company on whistleblowing, has not come to the attention of the Audit Committee the occurrence of any relevant cases raised by any form or participated by shareholders, company employees or others.

On accounting policies, regularity of logbooks and accountability, the Audit Committee conducted the regular monitoring of the preparation of periodic financial information, quarterly, interim and annual disclosure according to the regulation, and for this purpose its members, individually or collectively, held meetings and other contacts deemed appropriate with the executive management, the heads of the departments involved, the Statutory Auditor and External Auditor with whom maintained a regular contact program.

The Committee proceeded, in particular, with the supervision of the work performed by Chartered Accountant and the External Auditor in the examination of 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 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 attention to the analysis of the main risks and to the efficacy of the respective management and internal monitoring systems. The Audit Committee has special attention to the follow:

- The development and extension to the operating companies in the Group common IT platforms to support the operations, particularly the ISI system, which presents considerable potential for expediting timely and reliable management information, strengthening of existing mechanisms of internal control and rationalization costs.
- The evolution of the work on systematic formalization of relevant data and elements of the systems of risk management and internal control of INAPA IPG and the companies comprising the Group.
- The development of the internal audit function within the Company and the Group, planning and implementing its activities and performance.
- The global assessment of the existing model in terms of adequacy, resources allocated, performance and efficacy, as well as the identification of adjustments to obtain improvements.

On judgments and estimates, given the nature and relevance of intangible assets - particularly goodwill, brands, deferred taxes and employee benefits - they were subject to a special attention by the Audit Committee, who analysed the relevant parameters and the reasonableness of the judgments made and the results to be leading, as well as the sensitivity analysis.

During the year 2014, 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 nine (9) meetings and performed measures it deemed necessary and appropriate.

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 with any constraints worth nothing.

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, S:A:, 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 2014, 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 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 numbers 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 Governance report, 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 abovementioned 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 2014 (which includes the 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 2015 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 Management Report and the individual and consolidated financial statements, relating to the financial year of 2014, 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 2015

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 Audit Committee

BEST CORPORATE GOVERNANCE FOR THE 4TH CONSECUTIVE YEAR!

The Best Corporate Governance award is an international recognition for the implementation of a transparent and balanced management and governance structure.

The distinction was done by a prestigious magazine from the business and finance sector – World Finance Magazine – from 2011 to 2014, having done an assessment based on criteria such us, shareholders rights, privileged information and transparency, stakeholders, Board of Directors and risk management.

WORLD FINANCE

CORPORATE GOVERNANCE AWARDS

2011 2012 2013

04
CORPORATE GOVERNANCE REPORT

1,500

employees in the Group

88

million shares traded
in the Lisbon Stock Exchange

TOP 3

in all the markets where
we operate

INTRODUCTION

This Corporate Governance report was prepared in accordance with the Regulation of CMVM n.º 4 / 2013 from July 12.

The reports follows the structure of Annex I of the previously mentioned CMVM Regulation.

COMPLIANCE STATEMENT

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 COPORATE 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 sharehol-ders, 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.	Yes	13
I.5.	Measures that require payment or assumption of fees by the company in the event of chan-ge 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
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 po-wers 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 provi-sion 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 invol-ved. 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 70
a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;	Yes	71 73
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)	74 75 76
c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	Yes	80 83

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

RECOMMENDATION/CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
IV.2. 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
IV.3. 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	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 and preferred shares, when they have voting right, 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.

On point 7 it is described the information about qualified stakes.

On the Extraordinary General Meeting of August 6, 2014 it was approved that during the time horizon when the preferred shares have voting right, the votes owned by one shareholder or in representation of other that exceed one third of the voting rights shall not be considered. The limitation also applies to the shares that are hold by a shareholder with a common domain, being limited proportionally, when this applies to several shareholders.

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.

On the Extraordinary General Meeting of August 6, 2014 it was approved that during the time horizon when the preferred shares have voting right, the votes owned by one shareholder or in representation of other that exceed one third of the voting rights shall not be considered. The limitation also applies to the shares that are hold by a shareholder with a common domain, being limited proportionally, when this applies to several shareholders.

On this deliberation it is also defined that the Board of Directors has to submit every five years a proposal to change or maintain this limitation, without super quorum requirements relative to complementarily quorum established by law. On this deliberation all votes are counted, not being applied the limitation.

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 2014 were:

	ORDINARY SHARES	% OF ORDINARY SHARES	PREFERRED SHARES	% PREFERRED SHARES	% VOTING RIGHTS
Parpública – Participações Públicas SGPS, SA	49,084,738	32.72%			8.26%
CGD (art. 20 CVM)	2,762	0.002%	148,888,866	49.47%	25.07%
CGD Pensões – Sociedade Gestora de Fundos de Pensões, SA	1,262	0.001%			0.00%
Caixa Banco de Investimento, SA	1,500	0.001%			0.00%
Parcaixa – SGPS, SA			148,888,866	49.47%	25.07%
Millenium BCP (art. 20 CVM)	26,986,310	17.99%	121,559,194	40.39%	32.94%
Fundo de Pensões do Grupo BCP	16,491,898	10.99%	45,810,827	15.22%	13.81%
Banco Comercial Português, SA	10,494,412	7.00%	75,748,367	25.17%	19.12%
Novo Banco, SA			27,556,665	9.16%	6.11%
Nova Expressão SGPS, SA	9,500,000	6.33%			2.11%
Total of qualified participations	85,573,810	57.05%	298,004,725	99.01%	74.49%

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	189,117	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

Between July and October 2014, José Manuel Félix Morgado has done the following transactions:

DATE	NATURE	ISIN CODE	MARKET	QUANTITY	PRICE/UN.	VALUE
25.07.2014	Sale	PTINA0AP008	Euronext Lisbon	1,455	0.220€	320€
28.07.2014	Sale	PTINA0AP008	Euronext Lisbon	3,500	0.220€	720€
08.08.2014	Sale	PTINA0AP008	Euronext Lisbon	5,000	0.200€	1,000€
14.08.2014	Sale	PTINA0AP008	Euronext Lisbon	10,000	0.200€	2,000€
18.08.2014	Sale	PTINA0AP008	Euronext Lisbon	8,257	0.215€	1,775€
19.08.2014	Sale	PTINA0AP008	Euronext Lisbon	302	0.215€	65€
29.08.2014	Sale	PTINA0AP008	Euronext Lisbon	20,000	0.219€	4,380€
29.08.2014	Sale	PTINA0AP008	Euronext Lisbon	12,000	0.225€	2,700€
29.08.2014	Sale	PTINA0AP008	Euronext Lisbon	8,000	0.225€	1,800€
27.08.2014	Sale	PTINA0AP008	Euronext Lisbon	20,000	0.220€	4,400€
02.09.2014	Sale	PTINA0AP008	Euronext Lisbon	20,000	0.220€	4,400€
03.09.2014	Sale	PTINA0AP008	Euronext Lisbon	20,000	0.220€	4,400€
03.09.2014	Sale	PTINA0AP008	Euronext Lisbon	20,000	0.216€	4,320€
04.09.2014	Sale	PTINA0AP008	Euronext Lisbon	20,000	0.240€	4,800€
04.09.2014	Sale	PTINA0AP008	Euronext Lisbon	20,000	0.235€	4,700€
04.09.2014	Sale	PTINA0AP008	Euronext Lisbon	20,000	0.232€	4,640€
05.09.2014	Sale	PTINA0AP008	Euronext Lisbon	50,000	0.235€	11,750€
08.09.2014	Sale	PTINA0AP008	Euronext Lisbon	40,000	0.235€	9,400€
09.09.2014	Sale	PTINA0AP008	Euronext Lisbon	2,000	0.227€	454€
11.09.2014	Sale	PTINA0AP008	Euronext Lisbon	5,000	0.216€	1,080€
11.09.2014	Sale	PTINA0AP008	Euronext Lisbon	5,000	0.219€	1,095€
18.09.2014	Sale	PTINA0AP008	Euronext Lisbon	5,000	0.206€	1,028€
19.09.2014	Sale	PTINA0AP008	Euronext Lisbon	5,000	0.210€	1,050€
24.09.2014	Sale	PTINA0AP008	Euronext Lisbon	10,000	0.215€	2,150€
01.10.2014	Sale	PTINA0AP008	Euronext Lisbon	3,500	0.210€	735€
02.10.2014	Sale	PTINA0AP008	Euronext Lisbon	3,500	0.206€	721€
03.10.2014	Sale	PTINA0AP008	Euronext Lisbon	3,465	0.205€	710€
03.10.2014	Sale	PTINA0AP008	Euronext Lisbon	1,535	0.204€	313€
06.10.2014	Sale	PTINA0AP008	Euronext Lisbon	2,300	0.203€	467€
06.10.2014	Sale	PTINA0AP008	Euronext Lisbon	2,700	0.201€	543€
07.10.2014	Sale	PTINA0AP008	Euronext Lisbon	2,500	0.202€	505€
07.10.2014	Sale	PTINA0AP008	Euronext Lisbon	3,899	0.201€	784€
07.10.2014	Sale	PTINA0AP008	Euronext Lisbon	601	0.200€	120€
31.10.2014	Sale	PTINA0AP008	Euronext Lisbon	5,400	0.201€	1,085€
31.10.2014	Sale	PTINA0AP008	Euronext Lisbon	4,600	0.200€	920€
31.10.2014	Sale	PTINA0AP008	Euronext Lisbon	10,000	0.200€	2,000€
				374,514		

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 34 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 current composition of the Board of the General Meeting of Shareholders was established jointly with the election of the Governing Bodies in the General Meeting of May 7 2013. The current term will end on December 31, 2015.

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).

On the Extraordinary General Meeting of August 6, 2014 it was approved that during the time horizon when the preferred shares have voting right, the votes owned by one shareholder or in representation of other that exceed one third of the voting rights shall not be considered. The limitation also applies to the shares that are hold by a shareholder with a common domain, being limited proportionally, when this applies to several shareholders.

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 (TMG) 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.

The company considers that it is the best interest of its shareholders not to implement an electronic voting system, as i) it has not received any request or intention of participation on a General Meeting from a shareholder or potential investors; ii) on the last General Meetings there was a low number of participants and; iii) the implementation of such a system that allows electronic voting in a safe way would represent a significant cost.

Note: The Company in 2011 issued 300,980,441 preferred share, which according to their nature, do not have 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.

On the Extraordinary General Meeting of August 6, 2014 it was approved that during the time horizon when the preferred shares have voting right, the votes owned by one shareholder or in representation of other that exceed one third of the voting rights shall not be considered. The limitation also applies to the shares that are hold by a shareholder with a common domain, being limited proportionally, when this applies to several shareholders.

On this deliberation it is also defined that the Board of Directors has to submit every five years a proposal to change or maintain this limitation, without super quorum requirements relative to complementarily quorum established by law. On this deliberation all votes are counted, not being applied the limitation.

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 and regulation 4/2013 of CMVM.

	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


COMPLOTT
Papier Union
COMPLOTT
Papier Union

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, SA (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 QUALIFICATION

- 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:
  - 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
  - Inapa Packaging, 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

- Managing Director Stiftung fuer die Hamburger Kunstsammlungen (Foundation for the Hamburg Art Collections)
- 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

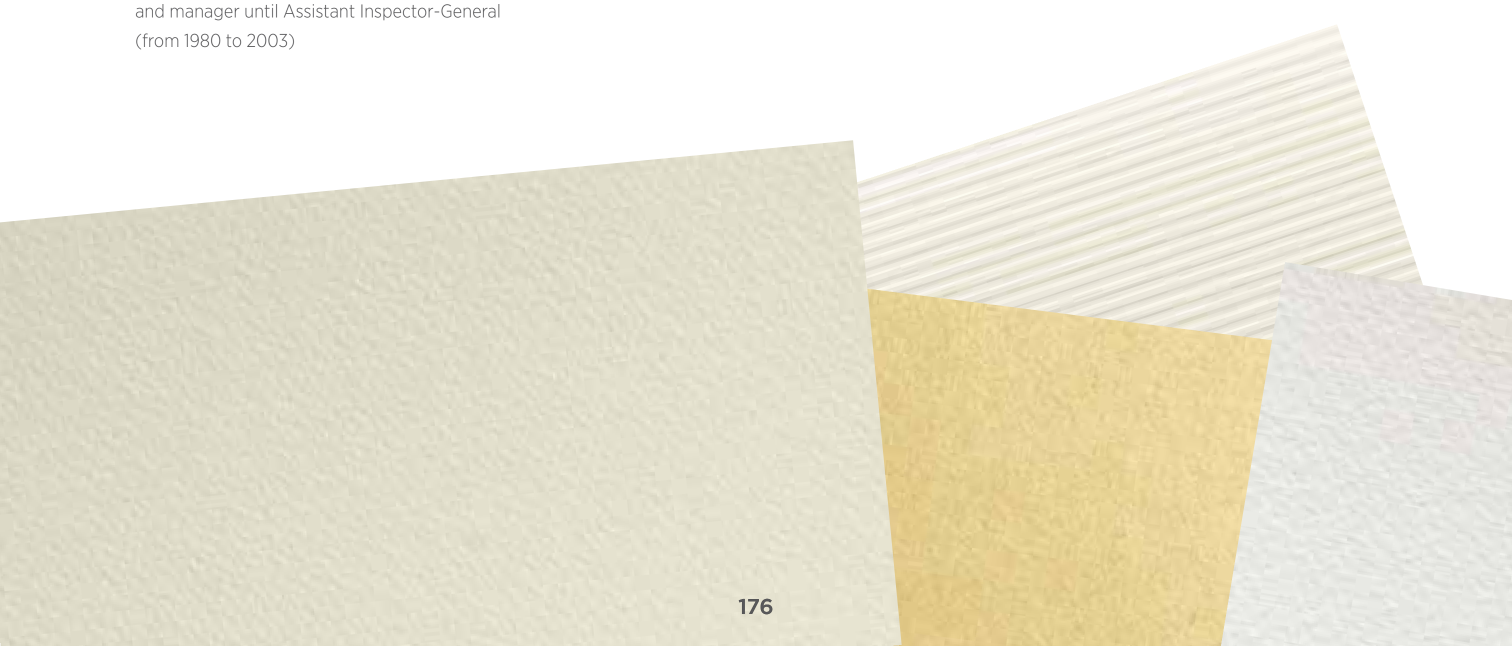
ANTÓNIO JOSÉ GOMES DA SILVA ALBUQUERQUE

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

- President of Foundation FORSDI – Fundação da Obra Social das Religiosas Dominicanas Irlandesas (since 2015)
- Chairman of Supervisory Committee of Unicre – Instituição Financeira de Crédito, SA (since 2013)
- 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.

GENERAL MEETING

REMUNERATION COMMISSION

João Vieira Almeida *Chairman*
Pedro Vilas Boas
Maria Isabel Trindade Salgado

BOARD OF DIRECTORS

Non Executives
Álvaro Pinto Correia *Chairman*
Emídio Maria
João Sales Luís
Gonçalo Faria de Carvalho
Arndt Klippgen

Executives
José Félix Morgado *Vice Chairman*
Jorge Bravo
António Albuquerque

AUDIT COMMITTE

Emídio Maria *Chairman*
João Sales Luís
Gonçalo Faria de Carvalho

EXECUTIVE COMMITTE

José Félix Morgado *Chairman*
Jorge Bravo
António Albuquerque

CORPORATE CENTER

INTERN AUDITING	Ana Callet*
LEGAL	António Alvim
IT	Carlos Jorge
STRATEGY & IR	Hugo Rua
ACCOUNTING	Raquel Rebelo
FINANCE & PLANNING	Sofia Picoto
GRAPHIC	Gilbert Trepmann
OFFICE	Antoine Lequitte

Germany
Thomas Shimanowski
Thomas Erbslöh
Michael Potthoff

France
Afonso Chaby
Didier Nettre
Marc Gautier

Spain
Gines Ramires
Pedro Huidobro
Raquel Rebelo

Portugal
Gines Ramires
Raquel Rebelo

Switzerland
Marcel Bigler

Belux
Chris Luyten

Angola
Horácio Fonseca

Turkey
Suzi Matat

* Also reports to the Audit Committe.

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.

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 December 31, 2014::

- Number of meetings: 6
- Assiduidade por membro:
  - 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: 100%

In any meeting any Board of Directors member was represented by a third party.

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:
- Managing Director Stiftung fuer die Hamburger Kunstsammlungen (since 2015)

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:
- President of Foundation FORSDI – Fundação da Obra Social das Religiosas Dominicanas Irlandesas (since 2015)
- 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-Chairman of the Board of Directors
- Chairman of the Executive Committee

In the Group:

- Chairman / General Manager:
  - 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
  - Inapa Packaging, 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

Outside the Group:

- Vice-Chairman of the Board of Directors of Gestmin – SGPS, SA (since 2012)
- Chairman of Eugropa – European Paper Merchants Association (since 2013)

ANTÓNIO JOSÉ GOMES DA SILVA ALBUQUERQUE

In the Company:

- Member of the Board of Directors
- Member of the Executive Committe

In the Group:

- Director/General Manager:
  - Europackaging – SGPS, Lda
  - Inapa Shared Center, Lda

Outside the Group:

- None

JORGE MANUEL VIANA DE AZEVEDO PINTO BRAVO

In the Company:

- Member of the Board of Directors
- Member of the Executive Comitte

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 de 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.

- Chairmam: 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 December 31, 2014):

- Number of meetings: 9
- Attendance of each member:
  - Emídio de Jesus Maria: 100%
  - João Miguel Pacheco de Sales Luís: 100%
  - Gonçalo Cruz Faria de Carvalho: 100%

In any meeting member was represented by a third party.

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

- President of Foundation FORSDI – Fundação da Obra Social das Religiosas Dominicanas Irlandesas (since 2015)
- 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, being José Manuel Henriques Bernardo the 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 –is presently serving his third mandate, after being appointed for these duties on May 31, 2007, in substitution of the company Grant Thornton.

José Pereira Alves represents the stattory audit company PricewaterhouseCoopers & Associados, SROC, Lda since December 16, 2011.

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 certification.

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 the first time for these duties on May 31, 2007, in substitution of the company Grant Thornton.

The partner in charge is serving since December 16, 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	€ 65,800 (85%)
Audit reliability services	€ 3,750 (5%)
Tax consulting services	€ 7,850 (10%)
Other non-statutory auditing services	-

ENTITIES THAT ARE PART OF THE GROUP *	
Statutory account review services	€ 423,700 (98.8%)
Audit reliability services	€ 26,097 (5.7%)
Tax consulting services	€ 11,600 (2.5%)
Other non-statutory auditing services	-

* 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 Companies Commercial Code).

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, analysing any irregularities and monitoring its resolutions.

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 9.7% 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 approximately 90% 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, Inapa Packaging (France), 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.

On note 3 of the consolidated financial accounts there is more detailed information about the management of the different natures of financial risks (market, receivables, concentration of credit lines and liquidity risk).

On notes 8 and 9 of the consolidated financial accounts it can be analysed the goodwill and intangible assets with their impairment and sensitivity tests.

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 investor relations received 37 information requests, by email or phone, having answered all the requests in the same business day.

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.

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.

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 que indicou para o representar Pedro Vilas Boas;
- 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.

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, here transcript:

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)

PEDRO MANUEL MACEDO VILAS BOAS

Academic qualifications

- Bachelor in Management and Administration from the School of Economics and Business Sciences of the Portuguese Catholic University
- "PDO - Programa para Diretores Operacionais" (Program for operational managers) from the Catholic Lisbon School of Business and Economics
- "PADE – Progama de Alta Direção de Empresas" (Program for top management) from AESE – Business School

Professional qualifications

- Central manager of BCP (Millennium bcp), responsible for the department of Specialized Monitoring
- Coordinator of the area of special projects in Millennium BCP
- Responsible for a department of Corporate Finance and for the Department of Relationship in Investment Banking

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, 2014.

In such General Meeting, the following description on remuneration policy has been unanimously approved:

1. 1The Remuneration Committee, elected on May 7, 2013, has competence to set the remunerations of the Governing Bodies for the mandate 2013-2015.

2. In benefit of transparency and legitimization of the definition of the remunerations of the Governing bodies and to align with good pratices in corporate governance, the Remunerations Committee submits to the Annual General Meeting a document with the guidelines to set the remuneration of Inapa Governing Bodies:

   a) 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.

   b) 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.

   c) 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.

   d) 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.

   e) For the year of 2014 it is maintained the fix remuneration of the Governing Bodies, without prejudice of it is established in the legal norms that may say the opposite.

   f) 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 and the value creation for the shareholders;

   g) 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 incomplete mandate).

   h) Considering the available information on the current situation of the Company, the relevant markets and the national and international economic environment, it is considered to temporarily maintain the exceptional restrictions on the remunerations in its variable component, not being attributed any variable remuneration or management bonuses to the Executive Committee relative to the year 2014.

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).

The variable components are suspended, thus there will be no variable deferred payment.

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 2014	VARIABLE REMUNERATION IN 2014	FIXED REMUNERATION PAID IN 2014	VARIABLE REMUNERATION IN 2014
Álvaro João Duarte Pinto Correia	€ 84,000.00	-	-	-
José Manuel Félix Morgado	€ 399,077.90	-	-	-
Arndt Jost Michael Klippgen	€ 10,500.00	-	-	-
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	-	-	-
João Miguel Pacheco Sales Luís	€ 16,500.00	-	-	-
Gonçalo Faria de Carvalho	€ 16,500.00	-	-	-

78.

Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control.

No payments were done by other companies in a group relationship or controlled by the group are in common control.

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
- João Miguel Pacheco Sales Luís
- Gonçalo Faria de Carvalho

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 April 10, 2014 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.

Audit Commission of 17.03.2014 – Approval of the donation of € 7,500 to the Foundation City of Lisbon to grant a scholarship for universities from Portuguese speaking countries (Chairman of the Foundation and Chairman of Inapa are the same person).

Audit Commission of 27.08.2014 - Approved (i) extension until 14 August of the commercial paper program CGD of 9.8 million euros and; (ii) execution of two new programs of Euro 5 million and 4.8 million to replace the previous one.

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.

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HARD COVER	Board Trucard 2 Gloss 240 g/m^2
END LEAVES	Rives Sensation Gloss Linear Bright White 120 g/m^2
INNER PAGES	Inaset Plus Offset 120 g/m^2
SEPARATORS	Inaset Plus Offset 224 g/m^2
DESIGN	Dimensão Global – Comunicação, Design e Sistemas de Informação
PRINTING	LST – Artes Gráficas
DEPOSIT COPY	274567/8

ANNUAL REPORT **2014**

Inapa – Investimentos, Participações e Gestão, SA

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Public Company – Registered with the Commercial Registrar of Companies in Lisbon under single tax number and Company registration number 500 137 994

Share capital: € 180.135.111

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