CONSOLIDATED RESULTS

JUNE 30, 2019

Index

1. Highlights

Generation of results

- Sales decreased 3.1% compared to the same period of 2018.
- Paper consumption in Europe fell 7.9% compared to 2018.
- Gross margin of 18.3%, plus 0.5 pp compared to the same period last year.
- Operating costs decreased 4.8M€, corresponding to 16.9% of sales.
- Recurring EBITDA of 14.1M€, corresponding to 3.3% of sales.
- Operating results (EBIT) amounted to 7.3M€.
- Positive net income of 0.1M€.

Financial structure

- Net debt increase of 13,1M€ compared with June 2018 (including the impact of 26.5M€ increase with the adoption of IFRS 16) - 13.3M€ decrease excluding the effect of IFRS 16.
- Working capital decreased 18,1M€ compared with June 2018.

IFRS 16

On January 1, 2019, the Inapa Group adopted IFRS 16 accounting standard, opting for the modified retrospective transition model, and did not restate the comparative financial information. The main impacts resulting from the adoption of IFRS 16 were:

A. Balance Sheet: recognition of an asset under right of use in “Right of Use” heading of 24.4M€ and a lease liability under the “Loans” heading of 26.5M€, with the difference, net of the deferred tax impact being recorded in retained earnings.
B. Income Statement: reduction of rents and rentals in Administrative Expenses by around 4.0M€, increase in depreciations of around 3.4M€ and increase in financial expenses by 0.6M€.

MAIN ACTIVITY INDICATORS

MILLION EUROS (unless otherwise specified)	1H19	1H18	VAR. 19/18
Tonnes ('000)	342	381	-10.0%
Sales	423.9	437.5	-3.1%
Gross margin	77.6	77.9	-0.3%
Gross margin (%)	*18.3%*	*17.8%*	*0.5 pp*
Net Operating costs	62.9	66.4	-5.3%
Operating Income	8.9	10.2	-1.3
Operating Costs	71.8	76.6	-4.8
Impairment of current assets	0.6	0.8	-33.4%
Re-EBITDA	14.1	10.6	33.3%
Re-EBITDA (%)	*3.3%*	*2.4%*	*0.9 pp*
EBITDA	13.5	9.7	39.0%
EBITDA (%)	*3.2%*	*2.2%*	*1.0 pp*
EBIT	7.3	6.9	6.1%
EBIT (%)	*1.7%*	*1.6%*	*0.1 pp*
Net Financial function	7.2	6.7	8.5%
EBT	0.1	0.2	-0.1
Income tax	0.0	-0.1	0.1
Net income	0.1	0.1	0.0

	30/06/19	30/06/18	VAR. 19/18
Net debt [1]	306.3	293.2	4.5%
Interest coverage	2.0 x	1.6 x	0.4 x
Working capital	101.3	119.4	-15.2%

[1] Includes financing associated to financial assets.
Includes an impact of 26.5M€ with the adoption of IFRS 16.
Under the same standards of the previous year net debt decreased by 13.3M€.

Inapa presents an alternative table to the Financial Statements with the main activity indicators approaching the business evolution analysis to the one used by the management, being also aligned with what is practiced by the different market players.

In order to guarantee its reconciliation with the Financial Statements, we have a glossary.

GLOSSARY

Sales: Sales of merchandise and other products [Note 3]

Gross Margin: Sales of merchandise and other products [Note 3] - Cost of Sales + Net cash discounts [Note 3]

Net Operating costs: Operating costs - Operating income

Operating income: Service rendered and supplementary income excluding Net Cash Discounts [Note 3].

Operating costs: Personnel cost + Other costs excluding provisions [Note 5]; Excludes non-recurring charges

Non-recurring charges: Mainly redundancy pay (1H19: 0.6 million euros; 1H18: 0.8 million euros)

Impairment of current assets: Impairment of current assets as in Other costs [Note 5]

Re-EBITDA: Results before Net Financial function, Income tax, Depreciations and amortizations and non recurrent costs

Re-EBITDA (%): Re-EBITDA / Sales

EBIT: Results before Net Financial function and Income tax

EBIT (%): EBIT / Sales

Net debt: Non-current Loans + Current Loans + Financing associated to financial assets + Financial leases [Note 15] - Cash and cash equivalents [Note 12]

Interest coverage: Re-EBITDA/Net Financial function

Working capital: Trade receivables + Inventories - Trade payables

2. Relevant facts

04/1/2019	Sale of CGD's position to the Portuguese State
10/1/2019	Acquisition of shares by Parpública
24/4/2019	2018 Results Announcement
24/4/2019	2018 Annual Report Publication
02/5/2019	Notice of Ordinary General Meeting
23/5/2019	Ordinary General Meeting

Subsequent events

04/7/2019	Authorization by the Competition Authority for the acquisition of Papyrus Deutschland GmbH & Co KG
11/7/2019	Conclusion of the acquisition of Papyrus Deutschland GmbH & Co KG
11/7/2019	Issuance by Inapa-IPG of 15 million euros convertible bonds subscribed by OptiGroup AB
03/9/2019	Conversion of preferred shares to common shares
18/9/2019	Withdrawal of Nova Expressão request for the preferred share conversion cancellation

3. Management Report

3.1. Market Context

Macroeconomic Context

The first half of 2019 was characterized by a slowdown regarding the previous year, especially in the second quarter. This evolution confirms the expectations for global growth in 2019, which currently stands at 3%, compared to 3.6% in 2018, with the world economy remaining conditioned by increasing trade tensions (particularly between the United States and China), uncertainty about Brexit (with the hard Brexit scenario becoming more probable) and rising geopolitical tensions with a potential impact on oil prices.

In the Euro zone, Q1 growth was above forecast (1.3%), mainly explained by conjuncture factors, with a slight slowdown in Q2 to 1.2%. Confidence indicators have decreased in recent months, particularly in sectors exposed to international trade, especially in the industrial sector, reflecting the continuing global uncertainty, and constraining short-term euro zone development. Nonetheless, the services and construction areas have been resilient and the labor market is still evolving positively.

In this context of a slow euro zone economy and risk intensification, the ECB announced at its September monetary policy meeting, a new set of measures to support domestic demand and inflation convergence towards the medium term target.

The Euro zone economy is expected to continue to grow in 2019 (1.1%) but less than in 2018 (1.8%), which was already below 2017 (2.4%), the fastest growing year since 2007.

Following, there are some comments on the evolution of the economies of the main countries where Inapa Group has operations.

Germany is being particularly affected by the slowness of the global economy, given the importance of exports to the German economy. Economic growth was 0.9% in the first quarter, benefiting from a set of conjunctural factors, and 0.4% in the second quarter. For 2019 is expected a growth of 0.5%, despite some deterioration in confidence indicators in recent months, due, on one hand, to the performance in the first quarter, and, on the other, to the resilience of domestic demand, hoping that unemployment at record lows and sustained wage increases, support private consumption growth.

French economy grew 1.4% in the second quarter, slightly above the growth of the first quarter (1.3%), a development supported by domestic demand and, in particular, by private consumption, driven by the sustained increase in purchasing power since 2018, as a result of more favorable labor market conditions and the introduction of tax incentives. It is estimated a growth for 2019 of 1.3%.

In Spain, the economy grew 2.4% and 2.3% in the first and second quarter, respectively, remaining as one of the fastest growing countries in the euro zone. For 2019, an increase of 2.3% is expected, mainly supported by domestic demand and private consumption, reflecting the maintenance of robust employment expansion and wage increases.

Portuguese economy grew 1.8% in the 1st and 2nd quarters of 2019, compared to the same period last year, slightly accelerating compared to the 4th quarter of 2018 (1.7%), and interrupting the slowdown trend registered in the 2nd half of 2018. Services, especially tourism, remain crucial to the economy's performance. The labor market is performing well, although job creation has slowed in recent quarters. In 2019, is expected a growth of 1.7%, and in the second half it's expected a more sharply pressure from external environment.

In the first quarter, Turkey had a chain growth (QoQ) of 1.3%, following 3 quarters of sharp declines, although in correspondent terms growth was still negative (-2.6%). 2nd quarter turned out better than projected, with new chain growth (1.2%) and a decrease on an annual basis of -1.5% (vs. -2.6% in Q1 and -2% expected). The forecast remains at -2.5% for 2019, indicating a still long process of economic recovery.

Sector Framework

In a context of some economic cooldown and an overall destocking accross the entire supply chain, paper demand indicators in Europe recorded a negative change in the first six months of 2019 compared with the same period of 2018. Based on the Eurograph (European Association of Graphic Paper Producers) statistics, in relation to development in the graphic arts and writing and printing market, Western Europe recorded a 7.9% decrease in total sales of these types of paper. Coated woodfree papers decreased 10.9%, while uncoated woodfree papers decreased 5.6% compared to the same period of 2018.

In all the main markets where Inapa operates (Germany, France, Spain, Portugal and Belgium) total paper sales volume decreased 8.0%, according to Eurograph statistics, with most countries showing decreases when compared to 2018. Germany recorded a decrease of 8.3%, France 7.7% and Spain 9.2%, while Portugal grew by 0.7%. These data refer to the consumption of coated and uncoated papers - which represents about 90% of marketed papers - not including the other specialty subfamilies, paperboards and self-adhesive, among others. In relation to Belux (Belgium and Luxembourg), where Inapa is mainly represented in the office paper segment, the market declined 3.3%.

3.2. Consolidated Performance

In the first half of 2019, Inapa's sales amounted to 423.9 million euros, a decrease of 3.1% compared to the same period last year. Paper sales in tonnes decreased 10.0%, reflecting not only the sector context described above, but also Inapa's positioning to favor margin over volumes. We must also mention the effect of friction already felt in Germany following the announcement of the acquisition of Papyrus Deutschland in October 2018.

During the first six months of 2019, the sales of complementary packaging, visual communication and office supplies businesses maintained a trend of growth with an increase of 2% compared to the first half of 2018.

Gross margin in the first six months of 2019 remained mainly in line with the value recorded in the same period last year (-0.3%) and even improved by 0.5 pp to 18.3% of sales, reflecting Inapa's careful pricing management and an improved sales mix through the focus on higher margin products.

Operating costs, excluding impairment of current assets, decreased 4.8 million euros in the first half of 2019 (with the application of IFRS 16 in 2019 having an impact of 4 million euros). On the other hand, operating income decreased 1.3 million euros, explained by the recording in the first half of 2018 of a gain resulting from Inapa's favorable result on a credit recovery proceeding.

The impairment of current customer receivables amounted to 0.6 million euros in the first half of 2019, a decrease of 33% over the first half of 2018, and representing 0.1% of sales. Inapa maintains an attentive and rigorous attitude to the credit risk of its client portfolio, working closely with the Group's credit insurer.

Re-EBITDA amounted to 14.1 million euros in the first half of 2019, an increase of 3.5 million euros over the first half of 2018 (including the effect of IFRS 16).

Non-recurring charges are mainly related to some restructuring processes still underway in the logistics and commercial areas, in particular in France, with the continuation of the structure optimization process following the integration of former Papyrus.

Operating results (EBIT) amounted to 7.3 million euros, impacted by about 0.6 million euros due to the adoption of IFRS 16. Excluding this effect, EBIT would be 6.7 million euros, representing 1.6 % of sales, as in the first half of 2018.

The increase in financial charges in the first half of 2019 compared to the same period of 2018 is explained almost entirely by the impact of the adoption of IFRS 16 since January, 1st 2019.

In the first 6 months of 2019, consolidated results before tax were positive by 0.1 million euros. Current taxes and deferred taxes amounted to about 0.8 million euros, resulting in a near zero income tax.

Working capital decreased 18.1 million euros (-15.2%) compared to June 2018 standing at 101.3 million euros.

Consolidated net debt stood at 306.3 million euros. Excluding the impact of IFRS 16, the debt would have been 279.9 million euros, which compares with 293.2 million euros at the end of the first half of 2018, an evolution consistent with the Group's policy of reducing the financial liabilities. This has been achieved on the basis of rigorous working capital management and the application of cash flow generated by the activity and despite ongoing investments in the area of information systems, in particular the replacement of the Group's ERP.

3.3. Performance of the Group’s Business Areas

Inapa has been responding to the important challenges that the paper distribution area presents with a strategy of improving the sales mix, supported by adapting the product portfolio to customer needs and reorganizing the commercial areas, together with a systematic focus on efficiency and productivity by continually adjusting business and organizational models.

On the other hand, Inapa maintains its commitment to the development of complementary packaging and visual communication businesses, which maintained a very positive contribution to the Group's development in the first half of 2019, both in terms of sales and operating margins.

Paper

In the first half of 2019, pressure on consumption continued, with volume sales decreasing 10% compared with 2018 to 342 thousand tonnes. In value, sales amounted to 379.3 million euros (-4.5% vs. first half of 2018).

During this period the level of activity in Germany has already felt the effects of the announcement of the purchase of Papyrus Deutschland announced to the market on October, 24th 2018.

The average sales price[1] in the first six months of 2019 increased 6.8% over the same period of 2018 to € 1,033 euros per tonne, a trend that has been consistently occurring since the second quarter of 2017.

In the first half of 2019 Inapa maintained a strict pricing policy and focus on improving the sales mix, thus increasing the margin as a percentage of sales compared to the same period last year.

Inapa also remains focused on increasing the cross-selling of packaging materials, visual communication and graphic and office consumables as a way to increase its customer penetration, thus compensating part of the decrease in paper.

Operating results (EBIT) of this business amounted to approximately 7.2 million euros, maintaining the margin as a percentage of sales in line with the first half of 2018, reflecting efficiency-oriented management, despite the decrease in sales.

[1] Average sales price: Paper sales/tonnes

Packaging

Inapa Group's packaging business accounted for 38.9 million euros of sales, 1.5 million euros above the 2018 volume, an increase of about 4%.

Sales in volume in the first six months was increased mainly by sales performance in the wine, agri-food, chemical and cosmetics industries combined with growth in the new food processing, automotive or electronics industries and increasing use of packaging by e-commerce.

We strengthened our presence in the North of France with the acquisition of Spécial Pack, located in the economically very dynamic Bresle and Vimeux valleys where Inapa was not yet represented. Spécial Pack was acquired in April and merged with Embaltec in June, so it had a residual impact in the first half turnover.

Operating results (EBIT) of packaging companies were 1.5 million euros, representing 3.9% of sales (3.4% in the 2018 homologous period). The improvement in EBIT margin reflects the continued effort to protect margin along with optimizing the resources structure allocated to the activity.

Visual Communication

The visual communication business recorded a turnover of 20.1 million euros, a decrease of about 1% compared to 2018.

We have seen a substantial growth in all product segments except in hardware sales who have decreased. This evolution is related to the realization in May of FESPA (biggest international large-format exhibition for professionals in the printing area), leading to the postponement of purchase decisions by several potential customers.

3.4. Future Prospects

Developments in the euro zone economy in 2019, and in the second half in particular, will be very dependent on developments in the international context, in particular as regards trade tensions and Brexit resolution. The positive resilience shown by the services sector and the favorable evolution of the labor market, with historically low levels of unemployment and wage increases, which, together with the ECB's intervention in monetary policy and the introduction of some fiscal measures should support the growth of domestic demand, avoiding the contamination of the difficulties currently facing the industrial sector, more exposed to global uncertainty, to other sectors of the economy.

In Turkey, economic recovery should remain slow. The depreciation of the Lira, despite price stabilization following significant volatility in 2018, and high interest rates, will continue to be an obstacle to increased consumption and investment, together with the pressure on reducing the private sector debt.

In the paper market, the structural decline we have seen in recent years through the widespread use of digital media should continue to influence negatively the evolution of paper demand.

For the next semester of the current fiscal year, it is estimated that the pressure on the industry will continue due to the high costs of raw materials. Pulp prices have remained above the five-year average, despite a slight reversal since the end of 2018.

In the second half of 2019 Inapa will maintain a permanent focus on keeping margin improvement through product mix optimization, boosting sales of high value-added products and through electronic channels, and a disciplined pricing policy, as we estimate suppliers prices will continue to increase. We will continue working to build a flexible structure with low operating costs, keeping a special focus on logistics and distribution management where we are still working in some of the geographies in the implementation of a new model.

Regarding paper business, the acquisition of 100% of the share capital of Papyrus Deutschland from OptiGroup AB, effective as from August, 1, will allow the Group to achieve strong sales growth and substantial efficiency gains in this business area in Germany where we now hold a leading position. Work has begun on defining the restructuring and integration processes to achieve higher levels of profitability, and some gains from resource optimization are expected to begin in 2019, with greater relevance in 2020 and 2021.

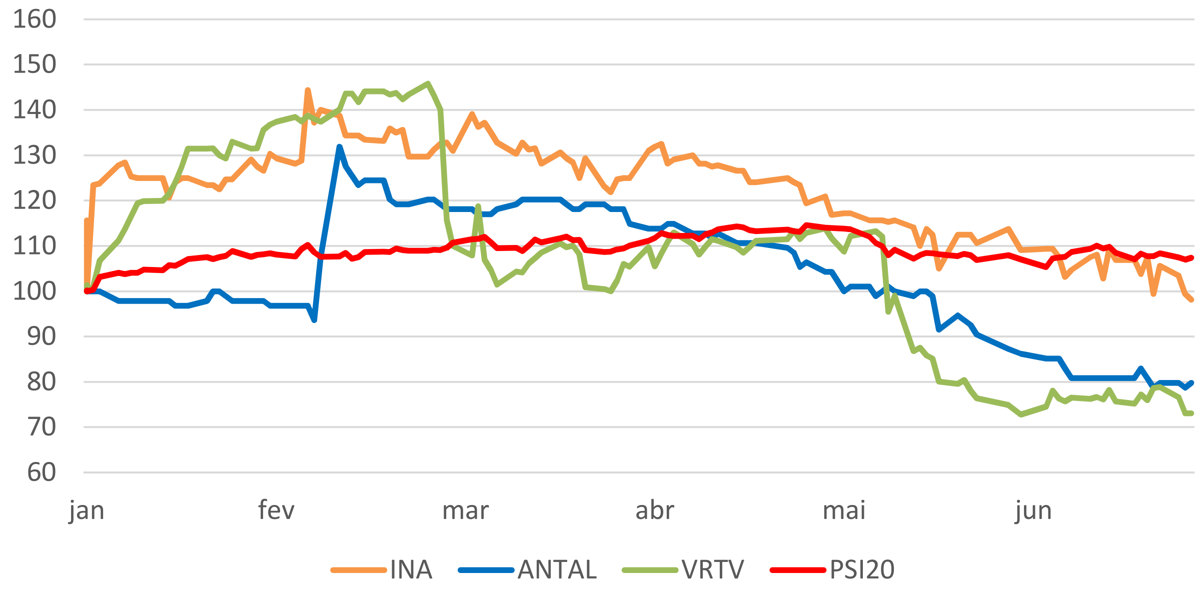
Regarding the packaging and visual communication business, Inapa will remain focused on its organic growth through greater penetration in the markets where it operates and by strengthening cross-selling. These still highly fragmented markets, where small and medium-sized companies typically operate, enable Inapa to continue actively pursuing investment opportunities that reveal prospects for growth, profitability and value creation by the Group's standards in recent years. As a result of applying this strategy, Inapa completed the acquisition of Special Pack in April 2019, thus reinforcing its presence in the packaging business in the north of France with the inherent commercial, operational and logistic synergies. Special Pack merged with Embaltec in June and will contribute to further sales growth in the Bresle and Vimeux valleys, economically very dynamic areas with a predominance of the metallurgical industry and commerce. Spécial Pack is a small company with an annual turnover of around 1.4 M€.

In June of this year we launched the SAP project. The first stage is currently running and defines the processes that will be transversal to the group. The first implementation will take place in the recently acquired Papyrus Deutschland, where we plan to have our operations running on SAP in the third quarter of 2020. Process harmonization across all Group operations will allow cost savings and increased productivity as well as leverage the group strategy regarding shared services centers for support functions. This initiative will also transform and simplify our IT ecosystem by greatly reducing its complexity and maintenance effort.

In terms of the balance sheet, the Group will continue to be focused on reducing its debt ratio by optimizing funds allocated to working capital (in its three dimensions) and generating cash flow from the activity. The impact on the financial ratios of the acquisition of Papyrus Deutschland (transferred without financial debt) is expected to be positive despite the increase in debt through the payment of the acquisition price. We will continue to work in maintaining the weight of short term debt adapted to the current activity.

3.5. Stock Exchange Performance

Inapa share price evolution vs. PSI-20 vs. comparables
June 2019

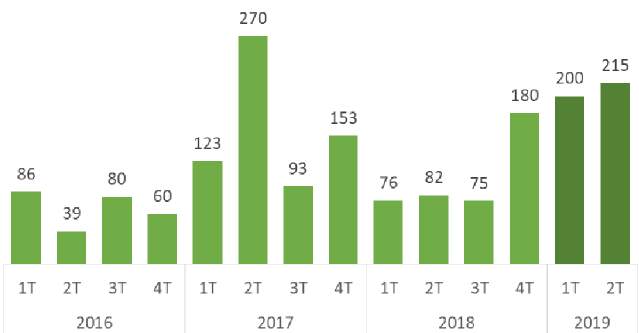


In June, 30 2019 the ordinary shares depreciated 5% compared to the end of 2018, closing the first half at € 0.061. Inapa in the first quarter outperformed the PSI-20, while in the second quarter it corrected for an accumulated half-year performance similar to that of the index. The evolution of the share was superior to that of other industry peers.

Inapa trade volume in the first half of the year was above 2018 average, with an increase since the last quarter of 2018, with a daily average volume of 207,000 traded shares, and a slight increase in the second quarter relatively to the previous quarter.

Preferred shares, in 30 June 2019, were quoted at €0.07, with only 4 sessions of trading and only 19,000 shares traded during the semester.

Average trading volumes
Thousands of shares



4. Interim Consolidated Accounts

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED JUNE 30, 2019 AND 2018
(Amounts in thousands of Euros)

	Notes	Period ended JUNE 30, 2019	Period ended JUNE 30, 2018
Tonnes *		**342 407**	**380 525**
Sales and services rendered	3	428 755	441 526
Other income	3	6 367	8 880
Total income		**435 122**	**450 406**
Cost of sales		-348 681	-362 316
Personnel cost		-36 876	-37 301
Other costs	5	-36 037	-41 054
		13 529	**9 736**
Depreciations and amortizations		-6 244	-2 871
Gains / (losses) in associates		19	20
Net financial function	6	-7 238	-6 671
Net profit before income tax		**67**	**214**
Income tax	17	-5	-149
Net profit / (loss) for the period		**62**	**65**
Attributable to:			
Shareholders of the company		62	65
Non controlling interests		-	-
Earnings per share on continuing operations			
Basic		0,0001	0,0001
Diluted		0,0001	0,0001

To be read together with the consolidated notes of the financial statements

* Non audited

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2019 AND 2018
(Amounts in thousands of Euros)

	Period ended	
	JUNE 30, 2019	**JUNE 30, 2018**
Net profit for the period before non controlling interests	**62**	**65**
Items that will not be reclassified to profit or loss		
Actuarial gains / losses	-	-
Items that may be reclassified subsequently to profit or loss		
Exchange conversion differences	-376	-684
Other variances	-	-626
Other comprehensive income recognized in equity	**-376**	**-1 311**
Total comprehensive income for the period	**-313**	**-1 248**
Attributable to:		
Shareholders of the company	-313	-1 248
Non controlling interests	-	-
	-313	**-1 248**

To be read together with the consolidated notes of the financial statements

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INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2019 AND DECEMBER 31, 2018
(Amounts in thousands of Euros)

	Notes	JUNE 30, 2019	DECEMBER 31, 2018
ASSETS			
Non-current assets			
Tangible fixed assets		69 836	71 463
Investment property		-	-
Goodwill	**7**	188 524	188 480
Right of use	**2**	24 394	-
Other intangible assets	**7**	118 033	117 158
Investments in associate companies	**10**	1 156	1 135
Assets at fair value through profit or loss	**8**	122	22
Other non-current assets	**11**	3 329	3 889
Deferred taxes assets	**17**	23 899	22 776
Total non-current assets		**429 295**	**404 923**
Current Assets			
Inventories		62 505	58 730
Trade receivables	**11**	126 156	117 499
Tax to be recovered		6 532	7 743
Other current assets	**11**	30 019	30 676
Cash and cash-equivalents	**12**	21 180	17 943
Total current assets		**246 394**	**232 592**
Total assets		**675 689**	**637 516**
SHAREHOLDERS' EQUITY			
Share capital	**14**	180 135	180 135
Share issue premium		450	450
Reserves		24 007	24 383
Retained earnings		-26 650	-21 606
Net profit for the period		62	-3 575
		178 005	179 786
Non controlling interests		-	-
Total shareholders' equity		**178 005**	**179 786**
LIABILITIES			
Non-current Liabilities			
Loans	**15**	207 814	196 476
Financing associated to financial assets	**15**	43 953	43 953
Deferred tax liabilties	**17**	45 670	45 935
Provisions		256	359
Employees benefits		6 637	6 676
Other non-current liabilities	**16**	25	-
Total non-current liabilities		**304 356**	**293 398**
Current Liabilities			
Loans	**15**	75 750	49 693
Trade payables	**16**	87 411	79 212
Tax liabilities		15 678	15 832
Other current liabilities	**16**	14 490	19 597
Total current liabilities		**193 328**	**164 332**
Total shareholders' equity and liabilities		**675 689**	**637 516**

To be read together with the consolidated notes of the financial statements

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE PERIOD ENDED JUNE 30, 2019 AND 2018
(Amounts expressed in thousand of Euros)

	Attributable to shareholders								
	Share Capital	Share issuance premium	Foreign exchange adjustments	Other reserves	Retained earnings	Net profit / (Loss) for the period	Total	Non controlling interests	Total shareholders' equity
BALANCE AS AT JANUARY 1, 2018	**180 135**	**450**	**-4 309**	**30 622**	**-21 807**	**210**	**185 301**	**-**	**185 301**
Total earnings and costs recognized in the period	-	-	-684	-626	-	65	**-1 248**	-	**-1 248**
Previous year net profit and loss result	-	-	-	10	199	-210	-	-	-
Other variances	-	-	-	-	-	-	-	-	-
Total of gains and losses of the period	**-**	**-**	**-684**	**-615**	**199**	**-145**	**-1 248 -**	**- -**	**-1 248**
BALANCE AS AT JUNE 30, 2018	**180 135**	**450**	**-4 994**	**30 006**	**-21 608**	**65**	**184 054**	**-**	**184 054**
BALANCE AS AT JANUARY 1, 2019	**180 135**	**450**	**-5 523**	**29 906**	**-21 606**	**-3 575**	**179 786** -	**-**	**179 786**
Total earnings and costs recognized in the period	-	-	-376	-	-	62	-313	-	-313
Previous year net profit and loss result	-	-	-	-	-3 575	3 575	-	-	-
Other variances	-	-	-	-	-1 468	-	-1 468	-	-1 468
Total of gains and losses of the period	**-**	**-**	**-376**	**-**	**-5 043**	**3 637**	**-1 782**	**-**	**-1 782**
BALANCE AS AT JUNE 30, 2019	**180 135**	**450**	**-5 899**	**29 906**	**-26 650**	**62**	**178 005**	**-**	**178 005**

To be read together with the consolidated notes of the financial statements

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2019 AND 2018
(Amounts expressed in thousand Euros) - direct method

	Notes	JUNE 30, 2019	JUNE 30, 2018
Cash flow generated from operating activities			
Cash receipts from customers		445 876	459 483
Payments to suppliers		-387 615	-374 133
Payments to personnel		-32 608	-34 140
Net cash from operational activities		**25 653**	**51 210**
Income taxes received/(paid)		-34	-500
Other proceeds/(payments) relating to operating activity		-22 536	-44 933
Net cash generated from operating activities	**|1|**	**3 083**	**5 777**
Cash flow from investing activities			
Proceeds from:			
Financial investments		-	-
Tangible fixed assets		1 031	1 538
Intangible assets		-	-
Interest and similar income		27	701
Dividends		-	-
		1 058	**2 239**
Payments in respect of:			
Financial investments		-265	-
Tangible fixed assets		-2 075	-992
Intangible assets		-2 288	-226
Advances from third-party expenses		-	-
Loans granted		-	-
		-4 629	**-1 218**
Net cash used in investing activities	**|2|**	**-3 571**	**1 021**
Cash flow from financing activities			
Proceeds from:			
Loans obtained		92 876	76 113
Capital increases, repayments and share premiums		-	-
Treasury placements		-	-
Changes in ownership interests		-	-
		92 876	**76 113**
Payments in respect of:			
Loans obtained		-81 803	-73 759
Amortization of financial leases		-4 651	-961
Interest and similar expenses		-7 548	-7 834
Dividends		-	-
		-94 003	**-82 554**
Net cash used in financing activities	**|3|**	**-1 127**	**-6 441**
Increase / (decrease) in cash and cash-equivalents	**|4| = |1| + |2| + |3|**	-1 615	357
Effect of exchange differences		-24	-31
		-1 639	**327**
Cash and cash-equivalents at the beginning of period		-242	-3 907
Cash and cash-equivalents at the end of period	**|12|**	-1 880	-3 580
		-1 638	**327**

To be read together with the consolidated notes of the financial statements

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF SIX MONTHS ENDED JUNE 30, 2019

(All amounts are expressed in thousands of Euros, unless otherwise specified)

1. INTRODUCTION

Inapa-Investimentos, Participações e Gestão, S.A. (Inapa – IPG or company) is the parent company of the Inapa Group, with the business purpose of owning and managing movable and fixed assets, holding shares in other companies, exploiting its own and third-party commercial and industrial establishments and providing support to companies in which it is a shareholder. Inapa - IPG is listed on the Euronext Lisbon stock exchange.

Head Office: Rua Braamcamp 40 - 9ºD, 1250-050 Lisbon, Portugal

Share capital: 180,135,111.43 Euros

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

As a result of its development and internationalization plan, the Inapa Group holds shares in the Paper supply sector in various European countries, specifically (i) Inapa Deutschland, GmbH headquartered in Germany, which has a stake in Papier Union, GmbH, which in turn holds shares in Inapa Packaging, GmbH, and Complott Papier Union, GmbH, Inapa Logistics, GmbH and Inapa Vertriebs, GmbH, headquartered in the same country, and Inapa Netherlands, BV, headquartered in the Netherlands, (ii) Inapa France, SA, (iii) Inapa Portugal - Distribuição de Papel, SA, the Portuguese company in the Group which has a stake in Inapa Angola - Distribuição de Papel, S.A. and Inapa comunicação Visual, Lda, (iv) Inapa España Distribuición de Papel, S.A., operating in Spain, which has a stake in Surpapel, SL (a company that markets paper), (v) Europackaging, SGPS, Lda, based in Portugal that develops its activity in Portugal and France through its subsidiaries Inapa Packaging Lda, Inapa Packaging, SAS, Embaltec, SAS and Semaq, SAS, (vi) one company located in the United Kingdom - Inapa Merchants Holding, Ltd, company without activity, (vii) Inapa Belgique SA, operating in the Benelux market and (viii) Korda Kağıt Pazarlama ve Ticaret Anonim Şirketi, operating in the Turkish market.

These consolidated financial statements were approved by Inapa - IPG's Board of Directors on September 20th, 2019. It is the opinion of the Board that these financial statements appropriately reflect the Group's operations and financial position.

2. ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Inapa Group were prepared under the going concern assumption and are based on the accounting books and records of the companies which comprise the Group. On the other hand, the interim financial statements for the six month period ended June 30, 2019 were prepared in compliance with the provisions of IAS 34 – Interim Financial Reporting and are published in conjunction with condensed Notes thereto, on account of which they are to be read in conjunction with the annual consolidated financial statements with respect to the financial year ended December 31, 2018.

The consolidated financial statements of the Inapa Group are also prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) subject to the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or its former representative, the Standing Interpretations Committee (SIC), as endorsed by the European Union.

Accounting policies

Except for the adoption of IFRS 16, the impact of which is disclosed below, and which did not result in the restatement of the comparative financial statements, the accounting policies adopted during the semester ended June 30, 2019 are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2018 and referred to in the respective notes to the accounts.

The following standards, interpretations, amendments and improvements, are mandatorily applicable in the financial years beginning on or after January 1, 2019:

Standard / Interpretation	**Applicable in the European Union in the financial years beginning on or after**	**Brief description**
IFRS 16 - Leases	Jan 1, 2019	This new standard replaces IAS 17 with a significant impact on the accounting by lessees that are now required to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for all lease contracts, except for certain short-term leases and for low-value assets. The definition of a lease contract also changed, being based on the "right to control the use of an identified asset". Lessors will continue to classify leases as operational or financial,

		so that IFRS 16 will not bring about significant changes for these entities when compared to IAS 17.
IFRS 9 (amendment), 'Prepayment features with negative compensation'	Jan 1, 2019	The amendment introduces the possibility to classify certain financial assets with negative compensation features at amortized cost, provided that specific conditions are fulfilled, instead of being classified at fair value through profit or loss.
IFRIC 23 - Uncertainty over income tax treatment	Jan 1, 2019	IFRIC 23 sets out how to determine the taxable income, tax bases, tax losses to be reported, tax credits to be used and tax rates, when there is uncertainty over income tax treatments.

The entry into force on January 1, 2019 of IFRS 16 had the following effects on the Group's consolidated financial statements:

<u>IFRS 16 - Leases</u>

The Group opted for the modified retrospective transition model of IFRS 16, as defined by IFRS 16. As a result, the Group used the practical approach of not re-evaluating whether a contract is or contains a lease and has made an overall assessment of the new definition. and evaluated all contracts entered into or modified before January 1, 2019. The Group, did not restate the comparative financial information, recording at the transition date the liability related to future rents, an asset under right of use, the differential of which, net of the deferred tax impacts, was recorded in retained earnings.

<u>Operating Leases:</u>

In accordance with IAS 17, future operating lease liabilities were disclosed in the accompanying notes as assumed commitments not included in the statement of financial position. IFRS 16 changed the way the Group accounted for leases previously classified as operating, and now records future liabilities and rights in the consolidated statement of financial position.

In the initial application of IFRS 16, the Group:

- recognized lease liabilities in the consolidated statement of financial position, measured at present value of future payments of each lease;
- recognized assets under right of use in the statement of financial position as if the standard had been applied since the effective date of the lease;
- recognized the above differential in retained earnings, net of deferred tax effects;
- recognized financial expenses on lease liabilities and depreciation of rights-of-use assets in the consolidated income statement by nature and not as operational expenses in other costs ;

– separated the amounts paid between principal and interest (presented as financing activities) in the consolidated statement of cash flows.

The Group continues to record short-term leases (12 months or less) and low value leases, as operating expenses, as permitted by IFRS 16.

The lessee shall apply IAS 36 - Impairment of Assets to determine whether or not the asset under use is impaired and account for any identified impairment loss, and as of June 30, 2019 no evidence of impairment was identified in respect of any of these assets.

In the period ended June 30, 2019, the Group recognized assets under right of use in the caption "Right of Use" of approximately 24,394 thousand Euros and a lease liability under the heading "Loans" of approximately 26,460 thousand Euros of Euros. Additionally, the Group recognized an amount of depreciation associated with the right-of-use asset of approximately 3,430 thousand Euros and financial expenses of approximately 593 thousand Euros.

As of January 1st, 2019, the impact of the adoption of IFRS 16 resulted in the recognition of 27,824 thousand Euros in "Right of Use", 626 thousand Euros in "Deferred Tax Assets", 29,912 thousand Euros in "Loans" and -1,462 thousand Euros in "Retained Earnings".

Standards, interpretations, amendments and revisions not yet endorsed by the European Union

The following standards and interpretations to be applied in future economic periods have been issued by IASB, but not yet endorsed by the European Union:

Standard/Interpretation	**Applicable in the European Union in periods starting or after**
IFRS 17: Insurance Contracts	Jan 1, 2021
Amendment to the Conceptual Framework of IFRS standards	Jan 1, 2020
Amendment to IFRS 3: Business Combinations	Jan 1, 2020
Amendments to IAS 1 and IAS 8: Definition of Material	Jan 1, 2020

The standards above were not yet endorsed by the European Union and, as such, were not implemented by the Group in the current financial statements in 2019.

In accordance with the internal analysis carried out by the Company, it is the Board's expectation that the application of the standards above, which have not yet been endorsed by the European Union, will not have a significant effect on the Group's financial statements.

Estimates and material errors

No material errors or significant changes to accounting estimates relative to prior periods were recognised during the course of the first half of 2019.

Estimates made in preparing the financial statements for the semester ended June 30, 2019 have the same characteristics as in the preparation of financial statements for 2018.

Judgments and relevant assumptions

The preparation of financial statements was conducted in accordance with generally accepted accounting principles by use of estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses during the reporting period. It should be noted that although the estimates have been based on the best knowledge of the Board of Directors with respect to current events and actions, actual results may ultimately come to differ from them.

3. SALES AND SERVICES RENDERED AND OTHER INCOME

Sales and services rendered during the six month periods ended June 30, 2019 and 2018 break down as follows:

	June 30, 2019	June 30, 2018
Domestic market		
Sales of merchandise and Other products	20 530	21 481
Service rendered	510	525
	21 040	**22 006**
Exports		
Sales of merchandise and Other products	403 348	416 056
Service rendered	4 367	3 465
	407 715	**419 521**
Total	**428 755**	**441 526**

Other income during the six month periods ended June 30, 2019 and 2018 breaks down as follows:

	June 30, 2019	June 30, 2018
Supplementary income	-	-
Net cash discounts	2 412	2 640
Reversals of impairment of current assets (note 13)	695	1 784
Other income	3 260	4 456
	6 367	**8 880**

4. OPERATING SEGMENTS

The information in the report by segment is presented in accordance with the identified operating segments: paper supply, packaging and visual communication. Holdings that are not imputed to the identified businesses are recorded under other operations.

The results for each segment correspond to those that are directly attributable and those for which there is reasonable basis for attribution. Inter-segmental transfers are carried out at market prices and are not materially significant.

The breakdown of financial information for the period ended June 30, 2019 and 2018, for operating segments is as follows:

	June 30, 2019					
	Paper	**Packaging**	**Visual communication**	**Other operations**	**Eliminations on consoli-dations**	**Consolidated**
REVENUES						
External sales	368 998	37 379	17 499	2	-	**423 878**
Inter-segment sales	422	1 073	2 253	-	-3 747	**-**
Other revenues	9 894	443	395	513	-	**11 244**
Total Revenues	**379 314**	**38 894**	**20 147**	**514**	**-3 747**	**435 122**
RESULTS						
Segment results	7 233	1 524	-108	-1 204	-159	7 285
Operational results						**7 285**
Gains/ (losses) in associated companies	19	-	-	-	-	19
Interest expenses	-5 129	-634	-94	-4 051	2 045	-7 862
Interest income	1 689	-	4	106	-1 175	624
Net profit before income tax	**3 812**	**890**	**-198**	**-5 147**	**711**	**67**
Income tax	-623	-259	34	843	-	-5
Income from ordinary activities						**62**
Net profit /(loss) for the year	3 189	631	-163	-4 304	711	**62**
Attributable :						
Equity shareholders						62
Non-controlling interests						-

	June 30, 2018					
	Paper	Packaging	Visual communication	Other operations	Eliminations on consoli-dations	Consolidated
REVENUES						
External sales	384 359	36 095	17 077	6	0	**437 537**
Inter-segment sales	470	1 153	2 929	0	-4 552	-
Other revenues	12 432	107	327	3	0	**12 869**
Total Revenues	**397 261**	**37 355**	**20 333**	**9**	**-4 552**	**450 406**
RESULTS						
Segment results	7 066	1 277	234	-1 561	-151	6 865
Operacional results						**6 865**
Gains/ (losses) in associated companies	20	-	-	-	-	20
Interest expenses	-4 613	-431	-66	-4 272	1 945	-7 437
Interest income	1 813	-	3	111	-1 162	766
Net profit before income tax	**4 286**	**848**	**171**	**-5 722**	**631**	**214**
Income tax	-376	-430	-124	781	0	-149
Income from ordinary activities						**65**
Net profit /(loss) for the year	3 910	418	47	-4 941	631	**65**
Attributable :						
Equity shareholders						**65**
Non-controlling interests						-

For the period ended June 30, 2019 and 2018, paper sales and total sales per country where the Group operates were broken down as follows:

- *Paper Sales*

	Sales	
	June 30, 2019	June 30, 2018
Germany	181 400	191 892
France	119 249	123 975
Portugal	17 202	17 373
Spain	27 262	28 699
Others	23 885	22 419
	368 998	**384 359**

- *Total Sales*

	Sales	
	June 30, 2019	June 30, 2018
Germany	209 599	219 177
France	142 192	145 720
Portugal	20 941	21 522
Spain	27 262	28 699
Others	23 885	22 419
	423 878	**437 537**

5. OTHER COSTS

For the periods ended June 30, 2019 and 2018, other costs break down as follows:

	June 30, 2019	June 30, 2018
Administrative expenses	32 362	36 926
Indirect taxes	2 945	2 974
Other costs	86	202
Provisions	83	110
Impairment of current assets (Note 13)	561	842
	36 037	**41 054**

6. FINANCIAL FUNCTION

For the periods ended June 30, 2019 and 2018, the financial function was broken down as follows:

	June 30, 2019	June 30, 2018
Financial income		
Interest obtained	68	216
Positive FX	504	542
Other profits and financial income	52	8
	624	**765**
Financial costs		
Interest paid	5 957	5 615
Negative FX	489	583
Other costs and financial losses	1 416	1 238
	7 862	**7 436**
Net financial function	**-7 238**	**-6 671**

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The variation of the balance recorded in Goodwill during the six months ended June 30, 2019 was as follows:

January 1, 2018	
Acquisition value	200 246
Accumulated Impairment losses	-11 766
Balance as at January 1, 2018	**188 481**
Moviments during 2018	
Exchange rate differences	-
Increases	-
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	-
	188 481
December 31, 2018	
Acquisition value	200 246
Accumulated Impairment losses	-11 766
Balance as at December 31, 2018	**188 481**
Movements in the first half	
Exchange rate differences	-
Increases	-
Impairment	-
Transfers and disposals	-
Changes in consolidation perimeter	45
	188 526
June 30, 2019	
Acquisition value	200 291
Accumulated Impairment losses	-11 766
Balance as at June 30, 2019	**188 524**

With the acquisition of subsidiaries, differences between the acquisition value and the fair value were determined in respect of the assets and liabilities acquired.

As at June 30, 2019, of the Goodwill value of 188,524 thousand Euros, approximately 165,225 thousand Euros relates to the paper segment.

Other intangible assets

The balance of other intangible assets corresponds essentially to the set of trademarks registered at the time of acquisition of the subsidiaries that held them, for which there is no time limit from which they will no longer generate economic benefits for the Group. The valuation methodology for these assets is disclosed in the consolidated financial statements as of December 31, 2018.

8. ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at June 30, 2019 and December 31, 2018, Assets at fair value through profit or loss were broken down as follows:

	June 30, 2019	December 31, 2018
Non current		
Others	122	22
	122	**22**
Current		
Others	-	-
	-	-

Changes in Assets at fair value through profit or loss for the period ended June 30, 2019 were as follows:

Balance as at January 1, 2018	**16**
Acquisitions	6
Disposals	-
Changes in fair value	-
Balance as at December 31, 2018	**22**
Acquisitions	100
Disposals	-
Changes in fair value	-
Balance as at June 30, 2019	**122**

9. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS

As at June 30, 2019, the following subsidiary companies were consolidated on a full consolidation basis:

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	Paper supply	Inapa – IPG, SA	1988
Inapa España Distribuición de Papel, SA	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid	100	Paper supply	Inapa – IPG, SA	December 1998
Inapa France, SAS	91813 Corbeil Essones Cedex France	100	Paper supply	Inapa – IPG, SA	May 1998

Designation	Registered Office	Group % Stake	Activity	Direct shareholder	Incorporation date
Inapa Belgique, SA	Vaucampslan, 30 1654 Huizingen Belgium	100	Paper supply	Inapa – IPG, SA	May 1998
Inapa Packaging, SAS	14, Impasse aux Moines 91410 Dourdan France	100	Packaging	Europackaging SGPS, Lda	January 1998
Inapa Deutschland, GmbH	Osterbekstraße 90 20354 Hamburg Germany	92,5	Holding	Inapa – IPG, SA	April 2000
Papier Union, GmbH	Osterbekstraße 90 20354 Hamburg Germany	100	Paper supply	Inapa Deutschland, GmbH	April 2000
Inapa Packaging, GmbH	Osterbekstraße 90 20354 Hamburg Germany	100	Packaging	Papier Union, GmbH	2006
Inapa – Merchants, Holding, Ltd	Torrington House, 811 High Road Finchley N12 8JW United Kingdom	100	Holding	Inapa – IPG, SA	1995
Complott Papier Union, GmbH	Industriestrasse 40822 Mettmann Germany	100	Visual communication	Papier Union, GmbH	January 2008
Edições Inapa, Lda	Rua Braamcamp 40 - 9ºD, 1250-050 Lisbon, Portugal	100	Editing	Inapa – IPG, SA	November 2009
Europackaging SGPS, Lda	Rua Braamcamp 40 - 9ºD, 1250-050 Lisbon, Portugal	100	Holding	Inapa – IPG, SA	October 2011
Inapa Angola – Distribuição de Papel, SA	Estrada de Catete, km 25 Polo Industrial de Viana Luanda, Angola	100	Paper supply	Inapa Portugal, SA	December 2009
Semaq Emballages, SAS	Rue de Strasbourg – ZI de Bordeaux Fret France	100	Packaging	Inapa Packaging, SAS	February 2012
Inapa Shared Center, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100	Shared Services	Inapa – IPG, SA and Inapa Portugal, SA	July 2012
Inapa Comunicação Visual, Lda	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	100	Visual communication	Inapa Portugal, SA	January 2013
KORDA Kağıt Pazarlama ve Ticaret Anonim Şirketi	Kasap Sokak. Konak Azer 34394 Istambul Turkey	100	Paper supply	Inapa-IPG, SA	September 2013
Inapa Packaging, Lda	Rua Gonçalves Zarco,3386 4455-822 Stª Cruz do Bispo Portugal	100	Packaging	Europackaging SGPS, Lda	September 2013

Designation	Registered Office	Group % Stake	Activity	Direct shareholder	Incorporation date
Embaltec, SAS	Z.A.E. de l'Epinette 59850 NIEPPE France	100	Packaging	Inapa Packaging, SAS	November 2016
Inapa Vertriebs GmbH	Osterbekstraße 90 22083 Hamburg Germany	100	Holding	Papier Union, GmbH	September 2012
Inapa Logistics, GmbH	Osterbekstraße 90 22083 Hamburg Germany	100	Holding	Papier Union, GmbH	September 2012
Inapa Netherlands BV	Nassauplein 30 NL-2585 Den Haag Netherlands	100	Paper supply	Inapa Deutschland, GmbH	May 2018

All balances and transactions between group companies were eliminated in the consolidation process.

The following company was included in the consolidated financial statements using the equity method, classified as Investments in associated companies:

Associated Company	Direct Parent entity	% of participation
Surpapel, SL	Inapa España Distribuición Ibérica, SA	25,00

10. COMPANIES EXCLUDED FROM CONSOLIDATION

In the period ended June 30, 2019, all entities controlled by Inapa - IPG were included in the consolidation.

11. TRADE RECEIVABLES AND OTHER CURRENT AND NON-CURRENT ASSETS

As at June 30, 2019 and December 31, 2018, Trade receivables were broken down as follows:

	June 30, 2019	December 31, 2018
Trade receivables		
Trade receivables - current account	118 812	107 991
Trade receivables - bills of exchange	5 786	7 658
Doubtful trade receivables	14 875	15 374
	139 473	**131 023**
Accumulated impairment losses (Note 13)	-13 318	-13 524
Trade receivables - net balance	**126 156**	**117 499**

As at June 30, 2019 and December 31, 2018, the balance of Other assets was broken down as follows:

	June 30, 2019	December 31, 2018
Other non current assets		
Advance payments	0	0
Other debtors	3 678	4 238
Accumulated impairment losses	-349	-349
	3 329	**3 889**
Other current assets		
Advances to suppliers	563	457
Other debtors	11 539	13 835
Accumulated impairment losses (Nota 13)	-854	-854
	10 685	**12 981**
Accrual income	13 937	13 478
Deferred costs	4 834	3 760
	30 019	**30 676**

12. CASH AND CASH EQUIVALENTS

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

	June 30, 2019	December 31, 2018	June 30, 2018
Immediatly available bank deposits	21 035	17 861	14 392
Cash	145	82	102
Cash and cash equivalents in balance sheet	**21 180**	**17 943**	**14 494**

Cash Flow Statement

The breakdown of cash and cash equivalents for cash flow statement purposes is analysed as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Immediatly available bank deposits	21 035	17 861	14 392
Cash	145	82	102
Cash and cash equivalents in balance sheet	**21 180**	**17 943**	**14 494**
Bank overdrafts	-23 061	-18 185	-18 074
Cash and cash equivalents on the cash flow statement	**-1 880**	**-242**	**-3 580**

Bank overdrafts refer to creditor balances held on current accounts with financial institutions, that are presented as Loans on the Consolidation Statement of Financial Position (Note 15).

13. IMPAIRMENT

During the six months ended June 30, 2019, movements in asset impairments were as follows:

	Goodwill	Other intangible assets	Inventories	Trade receivables	Other current assets	Total
	(Note 7)			(Note 11)	(Note 11)	
Balance as at January 1, 2018	**11 766**	**27 464**	**1 325**	**19 027**	**1 312**	**60 895**
Increases	-	-	316	1 518	1	1 834
Utilisation/Transfers	-	-	-54	-4 333	-109	-4 496
Reversals	-	-	-28	-2 303	-	-2 331
Changes in the consolidation perimeter	-	-	-	-	-	-
Exchange rate differences	-	-	-	-384	-	-384
Balance as at December 31, 2018	**11 766**	**27 464**	**1 558**	**13 525**	**1 203**	**55 518**
Increases	-	-	83	561	-	644
Utilisation/Transfers	-	-	-104	-	-	-104
Reversals	-	-	-8	-695	-	-703
Changes in the consolidation perimeter	-	-	-	22	-	-
Exchange rate differences	-	-	-	-95	-	-95
Balance as at June 30, 2019	**11 766**	**27 464**	**1 529**	**13 318**	**1 203**	**55 282**

14. SHARE CAPITAL

At June 30, 2019, 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 are preferred shares that, due to the non-distribution of dividends for the exercises of 2012 and 2013, in 2014 began to confer voting rights, certificated and bearer, with no par value. Equity is fully subscribed and realized.

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 not being fully paid during two years, preferred shares gain voting rights on the same terms as ordinary shares and only go back to their previous status in the year following that in which the priority dividends are paid.

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

At the Shareholders' General Meeting held on May 23, 2019, the shareholders of INAPA - Investimentos, Participações e Gestão, SA approved:

- that of the 2018 net income, in the amount of -3,575,204.61 Euros, be transferred to retained earnings.

The participation that was imputable to the Portuguese State on December 31, 2018, became attributable in its entirety to Parpública - Participações Pública (SGPS), SA.

15. LOANS

As at June 30, 2019, Loan balances were as follows:

	June 30, 2019	December 31, 2018
Current debt		
° Bank loans		
° Bank loans and other current financial instruments	23 061	18 185
° Commercial paper, redeemable at its nominal value,	9 189	8 306
° Medium and long-term financial instruments		
(portion maturity within 1 year)	23 880	6 503
° Other current financial loans	17 379	15 179
° Financial leases	2 242	1 520
Total current debt	**75 750**	**49 693**
Non- current debt		
° Bank loans		
° Medium and long-term financial instruments	114 636	128 414
° Other loans	31 197	32 093
° Commercial Paper, reimbursed by nominal value	21 341	22 541
° Financial leases	40 640	13 427
	207 814	**196 476**
° Financing associated to finantial assets		
	43 953	**43 953**
Total non-current debt	**251 767**	**240 428**
Total debt	**327 517**	**290 121**

As at June 30, 2019, the net balance of consolidated financial debt is broken down as follows:

	June 30, 2019	December 31, 2018
Loans		
Current	73 508	48 173
Non-current	167 174	183 048
	240 681	**231 222**
Financing associated to financial assets	43 953	43 952
Finance lease obligations	42 882	14 947
	327 517	**290 121**
Cash and cash equivalents	21 180	17 943
	21 180	**17 943**
	306 336	**272 178**

As of June 30, 2019, as referred to in Note 2, arising from the application of IFRS 16, Finance lease obligations includes 26,460 thousand Euros related to leases previously classified as operational leases.

16. SUPPLIERS AND OTHER CURRENT AND NON CURRENT LIABILITIES

As at June 30, 2019, the balances of Suppliers and of Other current and non current liabilities were broken down as follows:

	June 30, 2019	December 31, 2018
Other non-current liabilities		
Other creditors	25	-
	25	**-**
Suppliers		
Current account	84 262	78 408
Bills of exchange	74	54
Invoices in progress	3 075	750
	87 411	**79 212**
Other current liabilities		
Advances from trade receivables	355	303
Other creditors	6 743	11 575
Accruals and deferrals	7 392	7 719
	14 490	**19 597**

17. INCOME TAX

The amount of taxes in the Interim Consolidated Income Statement for the six month period ended June 30, 2019, amounting to a total of 5 thousand Euros, equates to the liability for current income tax for the half-year period in the amount of 779 thousand Euros, plus the positive balance of changes in deferred tax, amounting to 774 thousand Euros.

The differential between the nominal tax rate (average rate of 30%) and the effective company income tax rate (IRC company tax) for the Group, as at June 30, 2019, is detailed in the following table:

	June 30, 2019
Net income before tax on profits	67
Nominal average tax on profits	30%
	-20
Income tax - value	-5
	15
Differences - Portugal	-100
Differences - France	68
Differences - Germany	160
Differences - Turkey	-30
Differences - other countries	-82
Tributable dividends	0
Others	0
	15

Deferred tax

All instances where future taxation due may come to be significantly impacted are reported in the financial statements as at June 30, 2019.

The following table reports changes in deferred tax assets and liabilities during the six month period ended June 30, 2019:

	01-01-2019	Changes in perimeter	Fair value reserve and Other reserves	Net profit and loss for the year	30-06-2019
Deferred tax assets					
Taxable provisions	129	0	0	7	136
Unused taxes losses	19 381	0	0	469	19 850
Others	3 267	0	613	34	3 913
	22 776	**0**	**613**	**510**	**23 899**
Deferred tax liabilities					
Revaluation of fixed assets	-1 586	0	0	25	-1 561
Depreciations	-23 929	0	0	95	-23 834
Others	-20 420	0	0	145	-20 275
	-45 935	**0**	**0**	**265**	**-45 670**
Net deferred tax	**-23 158**	**0**	**613**	**775**	**-21 771**

	01-01-2018	Changes in perimeter	Fair value reserve and Other reserves	Net profit and loss for the year	31-12-2018
Deferred tax assets					
Taxable provisions	111	0	0	18	129
Unused taxes losses	18 411	0	0	970	19 381
Others	3 258	0	16	-6	3 267
	21 778	**0**	**16**	**982**	**22 776**
Deferred tax liabilities					
Revaluation of fixed assets	-1 545	0	39	-80	-1 586
Depreciations	-22 027	0	0	-1 902	-23 929
Others	-23 089	0	0	2 669	-20 420
	-46 661	**0**	**39**	**687**	**-45 935**
Net deferred tax	**-24 883**	**0**	**55**	**1 669**	**-23 158**

The item Others above, related to Deferred Tax Liabilities, essentially results from the fair value allocated to the Group's brands (Note 7).

Deferred tax assets are recognised for tax losses insofar as the use of their respective fiscal benefits is likely to offset expected future taxable profits. The Group recognised a balance of 19,850 thousand Euros in deferred tax assets reported to tax losses which may come to be deducted from future taxable profits, as detailed in the following Table:

Company	Tax value	Limit date
Inapa France	9 035	unlimited
Inapa Distribuición Ibérica (Spain)	7 094	unlimited
Inapa Belgique	1 748	unlimited
Inapa Deutschland	1 880	unlimited
Others	93	
	19 850	

18. RELATED PARTIES TRANSACTIONS

The balances on June 30, 2019 and December 31, 2018 with related parties are as follows:

	June 30, 2019					
	Trade Receivables	Bank deposits	Other current and non-current assets	Bank loans	Fixed assets suppliers	Other current and non-current liabilities
Surpapel SL	43	-	0	-	-	4
BCP	1	314	-	91 933	6 913	454
	44	**314**	**0**	**91 933**	**6 913**	**458**

	December 31, 2018					
	Trade Receivables	Bank deposits	Other current and non-current assets	Bank loans	Fixed assets suppliers	Other current and non-current liabilities
Surpapel SL	26	-	-	-	-	-
CGD	-	19	-	11	-	-
BCP	1	813	-	92 914	7 310	505
	27	**832**	**-**	**92 925**	**7 310**	**505**

The transactions during the first six months of 2019 with related parties are as follows:

	June 30, 2019				
	Sales and service rendered	Other income	Financial income	Other costs	Financial costs
Surpapel SL	59	-	-	2	-
BCP	-	-	-	-	1 502
	59	**-**	**-**	**2**	**1 502**

	June 30, 2018				
	Sales and service rendered	Other income	Financial income	Other costs	Financial costs
Surpapel SL	60	-	31	4	-
CGD	167	-	-	-	299
BCP	-	-	-	-	1 899
	227	**-**	**31**	**4**	**2 198**

Related parties considered relevant for the purpose of the financial statements were the associated parties, shareholders with a stake of more than 20%, and the key management elements, which are considered the Statutory bodies of Inapa - IPG.

19. CONTINGENT LIABILITIES

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

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

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

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

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

Demanding that Inapa:

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

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

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

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

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

The action, which had an estimated value of 24,460 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.

20. PERIMETER VARIATION

In April 2019 the company Special Pack, which is engaged in packaging, was acquired and a goodwill of 45 thousand Euros was recorded. In the meanwhile, this company merged with Embaltec with reference to June 30, 2019.

21. SUBSEQUENT EVENTS

As of the date of publication, the following subsequent events have been recorded:

July 4, 2019	Authorization by the Competition Authority for the acquisition of Papyrus Deutschland, GmbH & Co KG;

July 11, 2019	Conclusion of the acquisition of Papyrus Deutschland, GmbH & Co KG;
July 11, 2019	Issuance of convertible shares by Inapa-IPG, in the amount of 15 million Euros, subscribed by OptiGroup AB;
September 3, 2019	Conversion of preferred shares into common shares;
September 18, 2019	Nova Expressão withdrew the judicial proceedings in which it sought the annulment of the resolutions of the conversion of preferential shares.

With respect to the acquisition of Papyrus Deutschland, after due authorization from the German Competition Authority, the parties concluded the contractual acquisition procedure on July 11th, 2019. Under the terms of the contract, and in accordance with the requirements of IFRS 3, Inapa - IPG is deemed to have gained control of its new subsidiary from August 1th, 2019 onwards.

The parties are still analyzing the closing accounts of the transaction, and it is estimated that the purchase price will be in the range of 45 to 50 million euros, resulting from the price calculation method defined in the share purchase agreement applied to the entity's financial information at the closing date.

Thus, although Inapa Group has assumed control of its operations, it is still carrying out the fair value measurement analysis of the assets and liabilities acquired, as well as identifying other financial information at the closing date of the transaction, which is required for Goodwill calculation, as required by IFRS 3. The Group estimates that this analysis will be completed in October 2019.

Regarding the conversion of preferred shares into common shares, on September 3rd, 2019, applying the 1: 1.25 ratio, 300,980,441 non-voting preferred shares were converted into 376,225.508 common shares. Thus, with the conversion of all non-voting preferred shares representing INAPA's share capital into common shares, the share capital of 180,135,111.43 Euros is represented by 526,225,508 common shares.

The 376,225,508 common shares resulting from the conversion operation constitute an autonomous category, even if with the same voting and economic rights, since a declaratory action was filed annulling the corporate resolutions approved at the general meeting of November 15th, 2018 and at the special meeting of holders of preferred shares without voting rights.

By agreement of transaction dated September 17th, 2019, the plaintiff withdrew the judicial proceedings of these social deliberations.

The shares arising out of the conversion operation will still hold in an autonomous category until the sentence becomes final.

5. Mandatory Information

5.1. Shares held by Governing Bodies

Stakes held in the company by members of the Board of Directors and Statutory Auditor, in compliance with paragraph a) no. 1 of article 9.º of the CMVM Regulation no. 5/2008.

Board of Directors

Name	Ordinary shares	Voting rights
Diogo Francisco Bastos Mendes Rezende	0	0%
Inês Patrícia Arêde Simões Louro	0	0%
Frederico João de Moser Lupi	0	0%
Victor Maurílio Silva Barros	0	0%
Emília de Noronha Galvão Franco Frazão	0	0%
Patrícia Isabel Sousa Caldinha	0	0%
João Miguel Pacheco de Sales Luís	0	0%

Chartered Accountant and Auditors

Name	Ordinary shares	Voting rights
Deloitte & Associados, SROC, S.A., represented by: - Jorge Carlos Batalha Duarte Catulo – efective ROC	0	0%
Carlos Luís Oliveira de Melo Loureiro, suplent ROC	0	0%

5.2. Managerial Transactions

In compliance with the content of paragraph a) no. 1 of article 9 of the CMVM Regulation no. 5/2008, Inapa informs that during the first half of 2019 there were no transactions registered by any of its Governing Bodies members.

5.3. Declaration of Conformance

In compliance with the content of nº 1, Paragraph c) of Article 246 of CVM, the members of the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA hereby declares that, to the best of their knowledge, the information contained in the abridged consolidated financial statements reported to the six months ended on June 30, 2019 were elaborated in full conformance with the applicable accounting principles, providing a true and appropriate reflection of the assets and liabilities, financial standing, and results of the Company and its subsidiary and associate companies included in its consolidation perimeter and that its Interim Directors' Report faithfully reports on the performance of its statutory business and the set of companies included in its consolidated financial statements.

Lisbon, September, 20 2019

Diogo Francisco Bastos Mendes Rezende

Inês Patrícia Arêde Simões Louro

Frederico João de Moser Lupi

Victor Maurílio Silva Barros

Emília de Noronha Galvão Franco Frazão

Patrícia Isabel Sousa Caldinha

João Miguel Pacheco de Sales Luís

5.4. Auditor Report

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Translation of a report originally issued in Portuguese)

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Inapa – Investimentos, Participações e Gestão, S.A. (the Entity) and of its subsidiaries (the Group), which comprise the condensed consolidated statement of financial position as of 30 June 2019 (that presents a total of 675,689 thousand euros and equity of 178,005 thousand euros, including a consolidated net profit of 62 thousand euros), the condensed consolidated statement of profit and loss by nature, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six month period then ended, and the accompanying notes to the consolidated financial statements.

Management's Responsibility

Management is responsible for the preparation of consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system that allows the preparation of financial statements that are free from material misstatements due to fraud or error.

Auditor's responsibility

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

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

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

Basis for Qualified Conclusion

As of 30 June 2019, the financial statement line "Goodwill" includes the amount of 165,225 thousand Euros (165,225 thousand Euros as of 31 December 2018), corresponding to the difference between the acquisition cost of subsidiaries included in the consolidated financial statements and the corresponding fair value of identifiable assets and liabilities on the date of their acquisition, net of accumulated impairment losses amounting to 11,766 thousand Euros (11,766 thousand Euros as of 31 December 2018) (note 7), allocated to paper cash generating unit and the financial statement line "Other intangible assets" includes the amount of 103,227 thousand Euros (103,227 thousand Euros as of 31 December 2018), corresponding to brands recognized on the acquisition date by the Group of subsidiaries included in the consolidated financial statements, net of accumulated impairment losses amounting to 27,464 thousand Euros (27,464 thousand Euros as of 31 December 2018) (note 7). The Entity did not prepare an impairment test to the amounts of goodwill and brands as of 30 June 2019, and have prepared a test with reference to 31 December 2018, by

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comparing the carrying amount with the value in use of the paper cash generating unit, to which goodwill is allocated, and to the amount of brands, by comparing the carrying amount with the respective value in use of the paper cash generating unit, to which goodwill is allocated, and to the amount of brands, by comparing the carrying amount with the respective value in use, for which our Statutory Auditor's Report on the consolidated financial statements of 31 December 2018, dated 24 April 2019, includes a scope limitation that remains as of this date. Consequently, we are not able to conclude on any eventual adjustments that might be necessary to the consolidated financial statements as of 30 June 2019.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the "Basis for Qualified Conclusion", nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of Inapa – Investimentos, Participações e Gestão, S.A. as of 30 June 2019, are not prepared, in all materials respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

Lisbon, 20 September 2019

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

6. Additional Information

WARNING

This document contains information and future estimates based on current expectations and management opinions deemed reasonable. Future estimates must not be considered historical facts and are subject to several unpredictable factors that may have an impact on future results.

Despite the fact that the above mentioned estimates represent current expectations, investors, analysts and all those who may make use of this document are warned that future information is subject to uncertain factors and risks, of which many are difficult to forecast. All readers are warned not to attribute an inappropriate importance to future estimates and information. We exempt ourselves of any responsibilities concerning any future estimates or information.

Report available on Inapa's website
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Inapa is admitted to trading on the Euronext Stock Exchange.
Information about the company may be checked under the tickers:

- INA.LS
- INAC.LS

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