INAPA – INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, S.A.

(Publicly listed company)

Head Office: Rua Castilho, n° 44 – 3º floor, 1250-071 Lisbon - Portugal

First Half 2010 Report

Contents

1- Highlights

During the first half of 2010 (1H10), Inapa Group consolidated net income increased from 350 thousand Euros to 1.7 million Euros, a 373% growth.

Sales volumes grew 1.7% compared to 2009, going from 443 thousand tons to 450 thousand tons, representing 470.9 million Euros.

This evolution is the reflex of the dependency of Inapa to the top performer European economies, since Germany and France accounted for roughly 80% of the Group consolidated sales.

In the second quarter of 2010 (2Q10) sales grew 6.0% in volume and 4.6% in revenues, resulting in an increase of 38% in recurrent EBITDA (Re-EBITDA) and 62% in the operational results (EBIT).

Gross Margin increased 0.5 p.p., reaching 18.5% in 1H10. This effect was particularly driven by second quarter performance, due to an average prices increase.

In 1H10, the Re-EBITDA grew 2.4% reaching 16.2 million Euros, an increase of 0.1 p.p. of the re-EBITDA margin, representing 3.4% of sales. This improvement is due to the growth in complementary business, which already accounted for 6.5% of the Group's revenue and 10% of Re-EBITDA, and the contention of operating costs.

EBIT grew 5.3% in 1H10 to 12.5 million Euros, representing 2.7% of sales, a value above the sector peers (between 2.0% and 2.5%).

Although the market was characterized by an increase in credit spreads, net financial costs decreased 14% to 9.2 million Euros.

Working capital decreased by 14.9 million Euros when compared to the same period in 2009. On 30 June 2010, the Group's net debt was 421.5 million Euros, 26.6 million lower than in June of 2009.

With the acquisition of EBIX in Spain, it is expected that, during the second half of 2010, the contribution of that market in the Group sales increase significantly.

Chart 1_Main Consolidated Indicators

Millions of Euros	2Q10	2Q09	Δ 10/09	1H10	1Q09	Δ 10/09
Tonnes ('000)	219	206	6,0%	450	443	1,7%
Sales	233,6	223,3	4,6%	470,9	476,5	-1,2%
Gross Margin	43,6	39,9	9,1%	87,0	85,7	1,5%
Gross Margin (%)	18,6%	17,9%	0,8 pp	18,5%	18,0%	0,5 pp
Operating Costs[1]	33,9	33,1	2,4%	67,7	67,0	1,0%
Provisions	1,7	1,0	62,9%	3,1	2,8	8,0%
Re-EBITDA	8,0	5,8	37,8%	16,2	15,8	2,4%
Re-EBITDA Margin (%)	3,4%	2,6%	0,8 pp	3,4%	3,3%	0,1 pp
EBIT	6,2	3,8	62,3%	12,5	11,9	5,3%
Net financial costs	5,2	4,6	12,0%	9,2	10,7	-14,1%
EBT	1,0	-0,8	N.a.	3,3	1,1	202,3%
Net Result	0,2	-0,7	N.a.	1,7	0,4	373,0%
		30-6-09	**Δ 10/09**	**30-6-10**	**30-12-09**	**Δ 6 meses**
Net Debt		448,1	-5,9%	421,5	422,1	-0,1%
Working Capital[2]		208,2	-7,1%	193,4	185,5	4,2%

(1) Excludes provisions **(2)** Includes securitization

2- Relevant Facts

During the 1H10, the relevant facts to the business were:

21/4/2010	Notice of the agreement regarding the acquisition to Burgo Group of its Spanish paper distribution business, under the brand EBIX
11/5/2010	Disclosure of the Group's strategic positioning for 2010-2012

After 1H10, the following relevant fact has happened:

2/7/2010	Acquisition of EBIX business

3 – Management Report

3.1 - Economic & Financial Performance

The sector is showing signs of recovery, but the business context remains difficult

The economic context of the first half of the year was punctuated with high uncertainty, as unemployment rates reached unprecedented levels, with unpredictable GDP evolutions in several European countries, and moreover, with high volatility and instability in financial and capital markets. The paper sector was affected by clients' economic and financial struggles and a general increase in the price of paper(during 2Q10), reflecting the increase in production costs. It is, however, relevant to mention that some European markets are already showing a recovery in volumes and margin of sales.

Sales increased in the second quarter of 2010

This trend had reflexes on the 2Q10 performance. **Consolidated sales** reached 233.6 million Euros, an increase of 4.6% if compared with the first quarter of 2009.

In the first half of 2010, the Group paper sales volumes grew 1.7% (450 thousand tons in 2010 and 443 in 2009) and complementary business grew 17%, reaching 30.4 million Euros of sales and increasing its weight to 6.5% of the Group sales.

This growth minimized the effect that worst market conditions had on the first quarter (already adjusted on the second quarter through the increase on average prices). In the first half of 2010, the Group registered total sales of 470.9 million Euros, which represents a decrease of 1.2% comparing to the same period of the previous year.

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

Millions of Euros	1H09		1H10		
	Sales	Weight	Sales	Weight	Δ 10/09
Paper	450,5	94,5%	440,5	93,5%	-2,2%
Complementary Business	26,1	5,5%	30,4	6,5%	16,8%
Packaging (1)	13,4	2,8%	15,0	3,2%	11,4%
Visual Communication(2)	10,5	2,2%	11,3	2,4%	7,4%
Others (3)	2,1	0,4%	4,1	0,9%	100,3%
Total	476,5	100%	470,9	100%	-1,2%

Note: Sales excluding services **(1)** Packaging companies of Germany and France **(2)** Company in Germany **(3)** Cross-selling with the paper business (office and graphic supplies)

Average paper price increased

The average **paper price** in 2Q10 was higher when compared to the first quarter (from 969 Euros per tonne in March to 1.023 Euros per tonne in June). This effect is due to paper price increases carried out by the manufacturers during this year, reflecting the increase of production costs.

Inapa paper distribution business in 1H10 represented 440.5 million Euros, a decrease of 2.2% if compared to the same period of 2009.

Complementary business contribution increased

The strategy to increase **complementary business** allowed, in 1H10, a 17% growth, representing 6.5% of the Group's revenue compared to 5.5% in 2009. The packaging business grew 11%, with sales of 15.0 million Euros, while the visual communication business grew 7%, reaching 11.3 million Euros.

The gross margin had positive results

The consolidated **gross margin** of the period was 18.5%, an increase of 0.5 percentual points, when compared to the same period of 2009. This improvement is due to a better paper sales mix through the increase of complementary businesses.

Operating costs remained stable

In 1H10, **operating costs** were kept at 67,7 million Euros, a similar costs than in 2009. Despite the increase in distribution costs (7%, reaching 2.5 million Euros), the personnel costs have dropped 3%, which allowed the Group to maintain previous levels.

Re- EBITDA margin grew

The Group's **Re-EBITDA** margin (including one-off costs) in 1H10 grew by 0.1 percentual points, reaching 3.4%. In absolute terms, the Group has generated 16.2 millions in recurrent EBITDA, 2.4% higher than in 2009. This performance is aligned with the Group's strategic targets and in-line with the best benchmarks of the industry.

Operational results (EBIT) grew 5.3% to 12.5 million Euros, representing 2.7% of sales, a value above sector benchmarks.

Finance function decreased 14%

As a result of the debt levels, and although market credit spreads have increased, net **financial costs** of the period have dropped by 14%, representing 9.2 million Euros. The differences in currency rates, particularly regarding the Swiss franc, had a negative impact of 510 thousand Euros in the period's costs.

Net results have increased almost fivefold

In consolidated terms, **results before tax** have increased 202% in 1H10, reaching 3.3 million Euros. **Net results** have gone from 350 thousand, in 2009, to 1.7 million Euros, a growth of 373%.

Chart 3_Evolution of Results						
Millions of Euros	**2Q19**	**2Q10**	**Δ 10/09**	**1H09**	**1H10**	**Δ 10/09**
Results before Tax	-0.8	1.0	N.a.	1.1	3.3	202.3%
Taxes	-0.1	0.8	N.a.	0.6	1.5	139.3%
Net Results	-0.7	0.2	N.a.	0.4	1.7	373.0%
Results per Share	-0.005 €	0.001 €	0.006 €	0.002 €	0.011 €	0.009 €

The working capital registered on 30 June 2010 was of 193.4 million Euros, a decrease of 14.9 million Euros when compared to the same date of the previous year.

The consolidated **net debt** as of 30 June 2010 was of 421.5 million Euros, against 422.1 million Euros on 31 December 2009, a decrease of 0.6 million Euros.

Net debt decreased by 0.6 million Euros

The gross debt as of 30 June 2010 was of 443.4 million Euros, of which 111.8 million were due to securitisation, 98.1 million to medium/long term loans, 221.0 million to short term loans, and 12.6 million to financial leasing debts.

The coverage ratio improved from 1.4x in the first half of 2009, to 1.7x in 2010.

3.2 - Market Analysis

Inapa has been focusing its operations in the paper distribution business in 5 key markets (core 5): Germany, France, Switzerland, Portugal and Spain. Inapa has also smaller operations in Belgium, Luxemburg, UK and Angola.

According to figures presented by Eugropa (European Paper Merchants Association), up until May 2010, Inapa's core markets have shown a total growth in volume of 3.2%. The volume of stock sales played a more significant role in that growth than the volume of indent sales.

The growth rate was not equal in all markets, as Germany, Spain and Switzerland reported higher rates.

In general, Inapa's market share volume in the core 5 until May 2010 was 18.5% (18.9% in 1H2009).

None of the markets have grown in terms of value in comparison to 2009, due to the lower average prices during in 2010, even taking into account the price correction occurred in the second quarter. Portugal (which represents 6% of Group revenues) had the sharpest price decline, with an average reduction of 9.6% up until May.

Chart 4_ Evolution of Each Market's Value (until May 2010)

Millions of Euros	2010	2009	Δ 10/09
Germany	N.d.	N.d	N.d.
France	410	415	-1.3%
Switzerland	175	179	-2.2%
Portugal	44	49	-9.6%
Spain	185	185	-0.1%

Inapa's geographical presence, spread over Europe and Angola, allows the Group to reduce its exposure to volatility risks of each market.

3.3 - Future Prospects

The expected evolution of the second half of 2010 is based, on one side, on the high dependency of Inapa on the European markets with the best economic performance and, on the other side, on the market price evolution.

Inapa's main markets (Germany and France represent 80% of the Group's sales), as well as Switzerland (8%), have the highest and most reliable growth estimates in Europe. Therefore, it is reasonable to expect that the paper market will continue to see a moderate increase of volumes in those markets during the second half of 2010.

Chart 5_GDP Growth estimates in Inapa's Geographies (percent)

	IMF[1]		OECD[2]		Eurostat[3]		Average	
	2010	2011	2010	2011	2010	2011	2010	2011
Germany	1.4	1.6	1.9	2.1	1.2	1.6	1.5	1.8
France	1.4	1.6	1.7	2.1	1.3	1.5	1.5	1.7
Switzerland	1.5	1.8	1.8	2.2	1.6	2.2	1.6	2.1
Portugal	0.3	0.7	1.0	0.8	0.5	0.7	0.6	0.7
Spain	-0.4	0.6	-0.2	0.9	-0.4	0.8	-0.3	0.8
Belgium	1.2	1.3	1.4	1.6	1.3	1.6	1.3	1.5
Luxemburg	2.1	2.4	2.7	3.1	2	2.4	2.3	2.6
UK	1.2	2.1	1.3	2.5	1.2	2.1	1.2	2.2
Angola	7.1	8.3	N.a	N.a	N.a	N.a	7.1	8.3
Eurozone	1.0	1.3	1.2	1.8	0.8	1.4	1.0	1.5

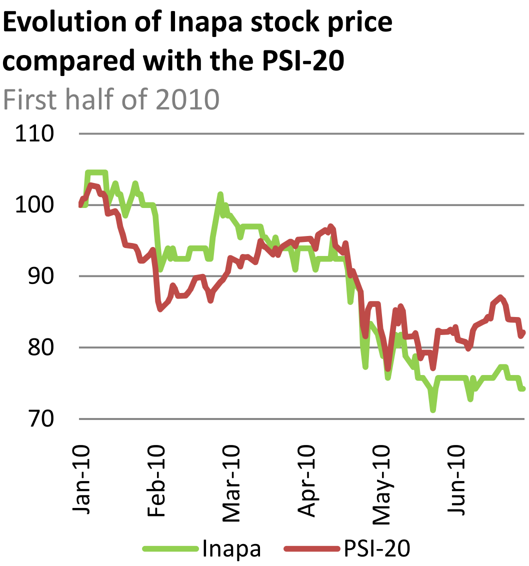
(1) 21 July 2010 (2) 25 May 2010 (3) June 2010

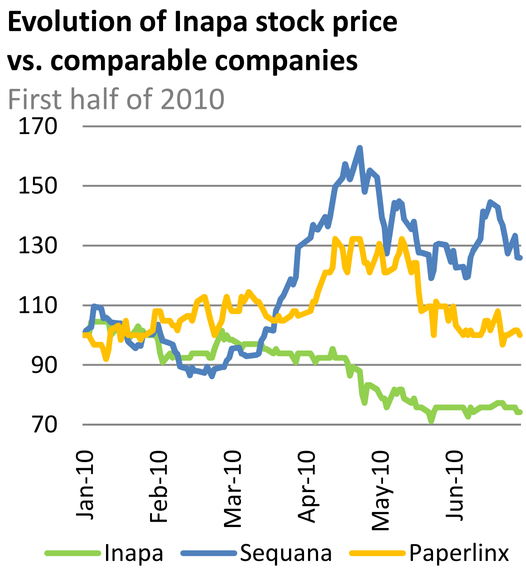
Another expected trend for 2010, is the increase of the price of paper, having already been announced for the beginning of September increases of 7 to 10%.

During the second half of the year, Inapa expects to continue building a sustained increase in complementary business. It is expected to increase its weight on the Group's revenue and, due to its better margins, to contribute to EBIDTDA's growth.

As a result of the acquisition of EBIX's business, it is expected that in the second half of 2010, the Spanish market increases significantly its contribution to Group's sales, with a positive effect on recurrent EBITDA.

3.4 – Stock Market

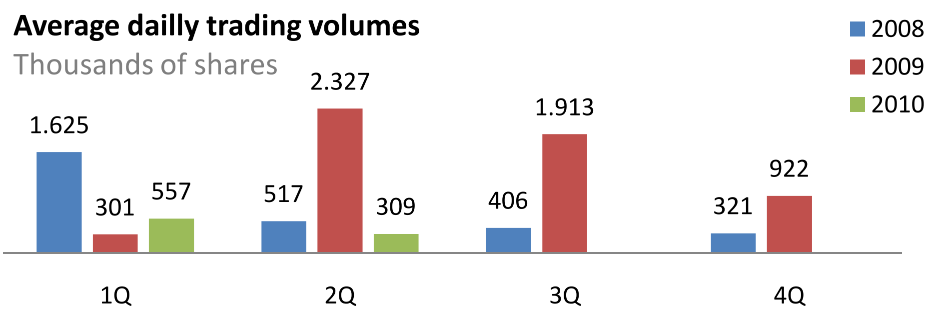




During the second quarter of 2009, stock markets showed a significant decline, as a result of worries regarding certain European economies and the financial system.

Inapa's stock price saw a decline of 18.5% in the second quarter of 2010, from 0.605 to 0.493 Euros that compare to a decline of 12.8% of the PSI-20. The stock's decline was of 23% during the first half of the year.

Unlike other comparable players, Inapa's performance has not followed the paper distribution trend, being influenced by the context of the Portuguese stock exchange.



In comparison with the same period in 2009, Inapa's trading volumes have reduced by 67%.

4 - Interim Consolidated Accounts

INAPA - Investimentos, Participações e Gestão, SA

SEPARATE INCOME STATEMENT FOR THE PERIODO OF SIX MONTH ENDED ON JUNE 30, 2010
(Amounts expresses in thousand of Euros)

	Notes	JUNE 30, 2010	2.nd QUARTER 2010 (Non audited)	JUNE 30, 2009	2.nd QUARTER 2009 (Non audited)
Tons		**450,111**	**218,554**	**442,676**	**206,275**
Sales and service rendered	**3**	475,848	236,148	480,728	225,483
Other Income	**3**	12,791	6,405	12,033	5,944
Total Income		**488,640**	**242,554**	**492,762**	**231,428**
Cost of sales		-389,145	-192,473	-395,640	-185,526
Changes in stocks		-	-	-	-
Personal costs		-37,415	-19,001	-38,732	-19,416
Other costs	**5**	-46,347	-23,285	-43,445	-21,136
		15,733	**7,795**	**14,945**	**5,350**
Depreciations and amortizations		-3,282	-1,644	-3,053	-1,508
Imparment in non current assets		-	-	-	-
Gains / (losses) in associates		25	21	-75	7
Net financial function	**6**	-9,222	-5,179	-10,740	-4,624
Earnings before income and discontinued operations		**3,254**	**993**	**1,076**	**-776**
Income tax	**15**	-1,494	-815	-624	100
Net profit and loss for the period before discontinued operations		**1,760**	**178**	**452**	**-676**
Net profit (loss) for the epriod of discontinued operations		-	-	-	-
Net profit (loss) for the period		**1,760**	**178**	**452**	**-676**
Attributable to :					
Shareholders of the company		1,657	178	350	-676
Minority interest		103	0	102	0
Earnings per share of continued operations - €					
Basic		0.011	0.001	0.002	-0.005
Diluted		0.011	0.001	0.002	-0.005
Earnings per share of discontinued operations - €					
Basic		0.000	0.000	0.000	0.000
Diluted		0.000	0.000	0.000	0.000

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

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIODO OF SIX MONTH ENDING JUNE 30,2010
(Amounts expressed in thousand of Euros)

	JUNE 30, 2010	2nd QUARTER 2010 (Non audited)	JUNE 30, 2009	2nd QUARTER 2009 (Non audited)
Net profit for the period before minority interest	**1,760**	**178**	**452**	**-676**
Available-for-sale financial assets carried at fair value	0	0	-72	-49
Exchange differences on translating foreign operations	2,455	1,908	-305	147
Earnings directly recognised in equity	**2,455**	**1,908**	**-377**	**98**
Total comprehensive income for the period	**4,215**	**2,086**	**75**	**-578**
Attributable to :				
Shareholders of the company	4,112	2,086	-27	-578
Minority interest	103	0	102	0
	4,215	**2,086**	**75**	**-578**

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

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2010 AND DECEMBER 31, 2009
(Amounts in Thousand euros)

	Notes	June 30, 2010	December 31, 2009
ASSETS			
Non-current assets			
Tangible fixed assets		99,505	101,298
Goodwill		139,514	138,871
Other intangible fixed assets		110,477	110,941
Investment in associate companies		1,129	1,104
Available-for-sale financial assets	7	9,296	9,294
Other non-current assets		18,900	18,933
Deferred tax assets	15	22,159	22,374
Total non-current assets		400,980	402,815
Current assets			
Inventories		70,144	65,292
Trade receivables	10	187,309	174,240
Tax to be recovered		5,213	7,567
Other current assets	10	42,539	42,135
Cash and cash-equivalents	11	21,973	7,621
Total current assets		327,178	296,855
Discontinued operations assets		292	297
Total assets		**728,450**	**699,967**
SHAREHOLDERS EQUITY			
Share capital	12	150,000	150,000
Own shares		-	-
Share issue premium		2,937	2,937
Reserves		43,620	41,165
Retained earnings		-42,899	-44,753
Net profit for the period		1,657	2,165
		155,315	151,514
Minority interests		1,032	1,033
Total shareholders equity		**156,347**	**152,547**
LIABILITIES			
Non-current liabilities			
Loans	13	98,109	97,610
Deferred tax liabilities	15	19,242	18,888
Provisions		710	825
Liabilities for employee benefits		3,164	3,075
Other non-current liabilities		11,208	11,443
Total non-current liabilities		132,433	131,841
Current liabilities			
Loans	13	220,967	210,070
Financing associated to financial assets	13	111,800	109,244
Suppliers	14	64,098	54,012
Tax liabilities		13,310	10,642
Other current liabilities	14	29,495	31,611
Total current assets		439,670	415,579
Discontinued operations liabilities		-	-
Total shareholders equity and liabilities		**728,450**	**699,967**

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

INAPA - Investimentos, Participações e Gestão, SA

STATEMENT OF SHAREHOLDERS EQUITY FOR THE PERIODS SIX MONTH ENDING JUNE 30, 2010 AND JUNE 30, 2009
(Amounts expressed in thousand euros)

	Attributable to shareholders						Minority interest	Total Shareholders Equity
	Share Capital	Share issuance premium	Foreign Exchange Adjustments	Other reserves and Retained earnings	Net Profit / (loss) for the period	Total		
BALANCE AS AT DECEMBER 31, 2008	**150,000**	**2,937**	**1,236**	**-5,951**	**1,007**	**149,229**	1,033	**150,262**
Total earnings and costs recognized in the period			-305	-72	350	**-27**	102	**75**
Previous year net profit and loss result				1,007	-1,007	**0**		**0**
Dividends				-57		**-57**	-102	**-159**
Other changes				-53		**-53**		**-53**
	0	0	-305	825	-657	**-137**	0	**-137**
BALANCE AS AT JUNE 30,2009	**150,000**	**2,937**	**931**	**-5,126**	**350**	**149,092**	**1,033**	**150,125**
BALANCE AS AT DECEMBER 31, 2009	150,000	2,937	1,539	-5,127	2,165	**151,514**	1,033	**152,547**
Total earnings and costs recognized in the period			2,455		1,657	**4,112**	103	**4,215**
Previous year net profit and loss result				2,165	-2,165	**0**		**0**
Dividends						**0**	-102	**-102**
Other changes				-311		**-311**	-2	**-313**
	0	0	2,455	1,854	-508	**3,801**	-1	**3,800**
BALANCE AS AT JUNE 30,2010	**150,000**	**2,937**	**3,994**	**-3,273**	**1,657**	**155,315**	**1,032**	**156,347**

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

“One important paper”

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTH ENDING JUNE 30,2010 AND JUNE 30, 2009

(Amounts in thousand Euros) - direct method

		2010		2009	
	Notes	JUNE 30, 2010	2ND QUARTER (Non audited)	JUNE 30, 2009	2ND QUARTER (Non audited)
Cash flow generated from operating activities					
Cash receipts from customers		474,858	214,661	503,427	251,495
Payments to suppliers		-387,894	-196,660	-412,350	-209,293
Payments to personnel		-36,657	-19,465	-39,219	-20,965
Net cash from operational activities		50,307	-1,464	51,858	21,237
Income taxes paid		-701	39	-131	0
Income taxes received		0	0	86	28
Other proceeds relating to operating activity		49,255	24,874	29,985	4,255
Other payments relating to operating activity		-98,485	-38,499	-61,510	-23,175
Cash flow before extraordinary itens		376	-15,050	20,287	2,345
Proceeds relating to extraordinary itens		0	0	0	0
Payments relating to extraordinary itens		0	0	0	0
Net cash generated from operating activities	|1|	376	-15,050	20,287	2,345
Cash flow from investing activities					
Proceeds from:					
Financial investments		0	0	0	0
Tangible fixed assets		69	16	321	302
Intangible fixed assets		1	0	2	2
Interest and similar income		357	140	489	307
Dividends		0	0	0	0
Advances from third-party expenses		0	0	0	0
		427	157	812	610
Payments in respect of:					
Financial investments		-1,739	-652	-1,575	-97
Tangible fixed assets		-581	-424	-1,044	-83
Intangible fixed assets		-500	-306	-1,361	-1,217
Advances from third-party expenses		0	0	-56	-7
Loans granted		-18	0	-9	-9
		-2,838	-1,381	-4,046	-1,413
Net cash used in investing activities	|2|	-2,411	-1,225	-3,235	-803
Cash flow from financing activities					
Proceeds from:					
Loans obtained		34,605	14,631	20,741	17,494
Capital increases, repayments and share premiums		0	0	0	0
Treasury placements		0	0	0	0
		34,605	14,631	20,741	17,494
Payments in respect of:					
Loans obtained		-24,388	-2,162	-14,715	-14,512
Amortization of financial leases		-711	-374	-1,099	-776
Interest and similar expenses		-6,782	-3,127	-11,099	-6,596
Dividends		0	0	0	0
Treasury placements		0	0	0	0
		-31,880	-5,663	-26,914	-21,884
Net cash used in financing activities	|3|	2,725	8,968	-6,173	-4,390
Increase / (decrease) in cash and cash-equivalent	|4| = |1| + |2| + |3|	690	-7,306	10,879	-2,847
Effect of exchange differences		244	170	42	18
		934	-7,136	10,922	-2,829
Cash and cash-equivalents at the begining of period		-85,581	0	-94,717	0
Cash and cash-equivalents at the end of period	11	-84,647	-7,136	-83,796	-2,829
		934	-7,136	10,922	-2,829

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2010

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

1. INTRODUCTION

Inapa - Investimentos, Participações e Gestão, S.A. ("Inapa IPG") is the parent company of the Inapa Group and its statutory business purpose is to hold and manage property holdings and other assets, holding shares in other companies, operate commercial establishments and industrial plant, either held for own account or for the account of third parties, and to assist companies in which it is a shareholder. Inapa IPG is listed on the Euronext Lisbon.

Head Office: Rua Castilho nº44 3º, 1250-071 Lisbon, Portugal
Share capital: 150.000.000 Euros
N.I.P.C. (Corporate Tax Identification Number): 500 137 994

The Group comprises a "sub-holding" company (Gestinapa - SGPS, S.A.), which purposes is to directly hold all stakes in companies operating in Paper Merchanting and other business.

As a result of its development and internationalisation plan, the Inapa Group holds shares in the paper merchanting sector in several European countries, specifically (i) Inapa Deutschland, GmbH headquartered in Germany, which holds stakes in Papier Union, GmbH, which, in turn is the controlling shareholder of Inapa Packaging, GmbH, Inapa VisualCom GmbH, and PMF-Factoring, GmbH, all of which are incorporated in the same country, (ii) Inapa France, SA and subsidiary companies, operating in France and Belux, (iii) Inapa Switzerland, 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 of the Group, (v) Inapa España Distribuición Ibérica, SA, operating in Spain, which has a stake in Surpapel SL (a company which business is paper merchanting) and (vi) in two companies located in the United Kingdom – Inapa Merchants Holding, Ltd, which holds an interest in Tavistock Paper Sales, Ltd, a niche compant. The subsidiary company Inapa Packaging, GmbH, in turn has two companies selling packaging material, namely Hennessen & Potthoff, GmbH and HTL - Verpackung, GmbH, respectively.

At the end of 2009, a company based in Angola, Inapa Angola- Distribuição de Papel, SA (a subsidiary of the Portuguese company Inapa Portugal, SA) began its operations. In addition, the company Edições Inapa, Lda, was established in November 2009.

These consolidated financial statements were approved by Inapa-IPG’s Board of Directors of 26 August 2010.

2. ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Inapa Group were prepared under the assumption that it will continue to operate and are based on the accounting books and records of the companies which comprise the Group. On the other hand, the interim financial statements for the six months ending 30 June 2010 were prepared in compliance with the provisions of IAS 34 – Interim Financial Reporting and are published in conjunction with condensed Notes thereto, on account of which they are to be perused in conjunction with the annual consolidated financial statements reported to financial year ended 31 December 2009.

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

Accounting policies

The accounting policies applied in compiling these interim consolidated financial statements are consistent with the policies adopted by the Inapa Group in preparing its annual consolidated financial statements reported to the financial year ended 31 December 2009 and are detailed in the Notes to those financial statements.

After 1 January 2010 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) – Consolidation and Separate Financial Statements;
- IAS 39 (amendment) – Financial Instruments – hedge accounting;
- IFRS 1 (revision and amendment) – First time adoption of IFRS;
- IFRS 2 (amendment) – Share based payment – Group cash-settled share based payment transactions:
- IFRS 3 (revision) – Business combinations;
- IFRS 5 (improvement 2008) – Non-current assets held for sale and discontinued operations;
- IFRIC 12 – Service concessions arragements;
- IFRIC 15 – Agreements for the construction of real state;
- IFRIC 16 – Hedge of a net investment in foreign operation ;
- IFRIC 17 – Distributions of non-cash assets to owners;
- IFRIC 18 – Transfer of assets from customers;
- Annual improvements to standards 2009 – Due to the identification of several of inconsistencies applications it was decided by IABS that same improvements should be perform in the standards. The main standards subject to improvements were: IAS 17, IAS 36 e IAS 38.

The present financial statements of the Group were not affected by these coming into effect.

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 31 January 2010 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 24 (revision) – Related party disclosures (effective for periods beginning on or after 1 January 2011);

- IAS 32 (amendment) – Financial instruments : Presentation – classification of right issues (effective for periods beginning on or after 1 February 2010);
- IFRS 1 (amendment) – First-time adoption of IFRS (effective for periods beginning on or after 1 July 2010, in European Union);
- IFRS 9 – Financial instruments – accounting and measurement (effective for periods beginning on or after 1 January 2013);
- IFRIC 14 (amendment) - IAS 19 – The limit on a defined benefit asset , minimum funding requirements and their interaction (effective for periods beginning on or after 1 January 2011);
- IFRIC 19 – Extinguishing financial liabilities with equity instruments (effective for periods beginning on or after 1 July 2010);
- Standards 2010 Improvements – effective for periods beginning on or after 1 Janeiro 2011. The standards and interpretations subject to improvements were: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 e IFRIC 13.

Of the various standards, revisions and amendments already published by IASB or by IFRIC given above that are not yet in force, only IFRS 9 and the 2010's improvement have not been adopted by European Union, coming into effect only after their publication in the associated Regulation.

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 2010.

3. SALES AND SERVICE RENDERED AND OTHER INCOME

Sales and services rendered during the six months to 30 June 2010 and 30 June 2009 brake down as follows:

	30 June 2010	30 June 2009
Domestic market		
Goods sold	29,326	31,512
Service rendered	602	1,028
	29,928	32,540
Exports		
Goods sold	441,592	445,036
Service rendered	4,328	3,152
	445,920	448,188
Total	**475,848**	**480,728**

As at 30 June 2010 and 2009, Other income balance brake down as follows:

	30 June 2010	30 June 2009
Supplementary income	206	197
Net cash discounts	5,208	4,770
Other income	7,377	7,066
	12,791	**12,033**

4. OPERATING SEGMENTS

Reporting per business segment is broken down per the Group's identified business segments, namely paper merchanting, packaging, factoring, and visual communications products supply. These last business segments are included under the column titled "Other businesses". The column titled "Other activities" includes balances reported by the holding companies which are not allocated to any of the remaining identified segments.

Results obtained for each segment report corresponds to those which is directly attributable to those business operations or that may be reasonably attributed thereto. Inter-business segment transfers are processed at market prices and are not deemed to be of material relevance.

As at 30 June 2010 and 2009, financial data per operating segment brake down as follows:

	30 June 2010					30 June 2009				
	Paper Merchanting	Other Business	Other Activities	Consoliida. Adjustments	Consolidated Total	Paper Merchanting	Other Business	Other Activities	Consoliida. Adjustments	Consolidated Total
REVENUES										
External Sales	445,682	25,030	206	-	**470,918**	454,267	22,281	-	-	**476,548**
Inter-segment sales	214	1,269	-	-1,483	**-**	89	1,689	-	-1,778	**-**
Other revenues	15,648	1,385	689	-	**17,722**	13,918	1,397	899	-	**16,214**
Total revenues	**461,544**	**27,684**	**895**	**-1,483**	**488,640**	**468,274**	**25,367**	**899**	**-1,778**	**492,762**
RESULTS										
Segment results	9,788	1,947	567	149	12,451	6,141	1,094	4,766	-110	11,891
Operating results					**12,451**					**11,891**
Financial costs	-3,874	-387	-7,151	1,639	-9,773	-5,529	-345	-7,613	1,972	-11,515
Financial income	1,317	7	1,499	-2,272	551	1,671	4	3,989	-4,889	775
Tax	-	-	-	-	-1,494	-1,178	-85	639	-	-624
Net income from regular operations					**1,735**					**527**
Gains / (losses) in associate companies					25					-75
Results from discontinued operations					0					0
Net profit for the period					**1,760**					**452**
Attributable to:										
Shareholders					1,657					350
Minority interest					103					102

As at 30 June 2010 and 2009, paper sales per country where the Group operates were broken down as follows:

	Sales	
	30 June 2010	30 June 2009
Germany	230,952	239,049
France	112,868	112,113
Portugal	29,370	32,605
Others	72,492	70,500
	445,682	**454,267**

5. OTHER COSTS

As at the end of the six month period to 30 June 2010 and 30 June 2009, the Other costs brake down as follows:

	30 June 2010	30 June 2009
General and Administrative expenses	-39,503	-37,675
Indirect taxes	-1,709	-1,378
Other costs	-2,062	-1,548
Impairment to current assets	-3,073	-2,844
	-46,347	**-43,445**

6. FINANCIAL FUNCTION

As at the end of the six months to 30 June 2010 and 30 June 2009, financial function was broken down as follows:

	30 June 2010	30 June 2009
Financial income		
Interest received	381	556
Favourable FX differences	9	110
Other financial income and profits	161	109
	551	**775**
Financial costs		
Interest paid	-4,196	-6,235
Unfavourable FX differences	-510	-78
Other financial losses and costs	-5,067	-5,202
	-9,773	**-11,515**
Net financial results	**-9,222**	**-10,740**

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 30 June 2010 and 31 December 2009, Available-for-sale financial assets were broken down as follows:

	30 June 2010	31 December 2009
BANIF - Unidades de participações em fundos de investimentos	1,626	1,626
Other financial assets	7,670	7,668
	9,296	**9,294**

Changes in Available-for-sale financial assets during six month period to 30 June 2010 and year 2009 were as follows:

Opening balance as at 1 January 2009	**13,531**
Aquisitions	-
Disposals	-4,126
Changes in fair value	-111
Closing balance as at 31 December 2009	**9,294**
Aquisitions	2
Disposals	-
Changes in fair value	-
Closing balance as at 30 June 2010	**9,296**

8. COMPANIES INCLUDED IN THE CONSOLIDATED ACCOUNTS

As at 30 June 2010, the following subsidiary companies were consolidated on a full consolidation basis:

Subsidiary company name	Head Office	% Group holdings	Business operation	Direct holding company	Date of incorporation
Gestinapa - SGPS, SA	Rua Castilho, 44-3º 1250-071 Lisbon	100.00	SGPS	Inapa – IPG, SA	June 1992
Inapa-Portugal, SA	Rua das Cerejeiras, nº 5, Vale Flores São Pedro de Penaferrim 2710 Sintra	99.75	Paper Merchanting	Gestinapa - SGPS, SA	1988
Inapa Distribuición Ibérica, SA	c/ Delco Polígono Industrial Ciudad del Automóvil 28914 Leganés, Madrid	100.00	Paper Merchanting	Gestinapa-SGPS, SA	December 1998
Inapa France, SA	91813 Corbeil Essones Cedex France	100.00	Paper Merchanting	Inapa – IPG, SA	May 1998
Logistipack – Carton Services,SA	14, Impasse aux Moines 91410 Dourdon France	100.00	Packaging	Inapa France, SA	January 2008
Inapa Belgique	Vaucampslan, 30 1654 Huizingen Belgium	99.94	Paper Merchanting	Inapa-France, SA	May 1998

Subsidiary company name	Head Office	% Group holdings	Business operation	Direct holding company	Date of incorporation
Inapa Luxemburg	211, Rue des Romains. L. 8005 Bertrange Luxemburg	97.75	Paper Merchanting	Inapa Belgique	Maio 1998
Inapa Deutschland, GmbH	Warburgstraβ, 28 20354 Hamburgo Germany	100.00	Holding	Gestinapa-SGPS, SA	April 2000
Papier Union, GmbH	Warburgstraβe, 28 20354 Hamburgo Germany	94.90	Paper Merchanting	Inapa Deutschland, GmbH	April 2000
PMF- Print Medien Factoring , GmbH	Warburgstraβ, 28 20354 Hamburgo Germany	94.90	Factoring	Papier Union, GmbH	September 2005
Inapa Packaging, GmbH	Warburgstraβ, 28 20354 Hamburgo Germany	94.90	Holding	Papier Union, GmbH	2006
HTL Verpackung, GmbH	Werner-von-Siemens Str 4-6 21629 Neu Wulmstrof Germany	94.90	Packaging	Inapa Packaging, GmbH	January 2006
Hennessen & Potthoff, GmbH	Tempelsweg 22 Tonisvorst Germany	94.90	Packaging	Inapa Packaging, GmbH	January 2006
Inapa Viscom, GmbH	Warburgstraβ, 28 20354 Hamburgo Germany	100.00	Holding	Papier Union, GmbH	January 2008

Subsidiary company name	Head Office	% Group holdings	Business operation	Direct holding company	Date of incorporation
Complott Papier Union, GmbH	Industriestrasse 40822 Mettmann Germany	100.00	Visual Communication	Inapa VisCom, GmbH	January 2008
Inapa – Merchants, Holding, Ltd	Torrington House, 811 High Road Finchley N12 8JW United Kingdom	100.00	Holding	Gestinapa – SGPS ,SA	1995
Tavistock Paper Sales, Ltd	1st Floor- The Power House Wantage OX12 8PS United Kingdom	100.00	Paper Merchanting	Inapa- Merchants Holding, Ltd	February 1998
Inapa Suisse	Althardstrasse 301 8105 Regensdorf – Switzerland	100.00	Paper Merchanting	Inapa-IPG,SA e Papier Union, GmbH	May 1998
Edições Inapa, Lda	Rua Castilho 44- 3º 1250-071 Lisbon	100,00	Editorial	Inapa-IPG,SA e Gestinapa, SGPS,SA	November 2009
Inapa Angola – Distribuição de Papel, SA	Rua Amílcar Cabral nº 211 Edifício Amílcar Cabral nº 8º Luanda - Angola	100.00	Paper Merchanting	Inapa Portugal, SA	December 2009
Inapa Italia SpA (*)	Strada Statale Padana Superiore 315/317 I – 20090 Vimodrone Milão Italy	100.00	-	Inapa- France, SA	1998

(*) Company in liquidation

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

The following company was consolidated per the equity method in the consolidated financial statements and are reported under Holdings in associated companies:

Associate company name	Shareholding company	% Holding
Surpapel, SL	Inapa España Distribuicíon Ibérica, SA	25.00

9. COMPANIES EXCLUDED FROM THE CONSOLIDATED ACCOUNTS

Holdings in the companies listed in the following table were not consolidated on a full consolidation basis. The impact of their exclusion is deemed to be materially irrelevant. Megapapier was not consolidated on a full consolidation basis due to the fact that the Group intends to liquidate it and it was valued at nil.

Company name	Head Office	Direct Shareholder	% holdings
Megapapier - Mafipa Netherland BV	PO Box 1097 3430 BB Nieuwegein Holand	Inapa France, SA	100%
Inapa Logistics	Warburgstrasse,28 20354 Hamburg Germany	Papier Union, GmbH	100%
Inapa Vertriebsgesellschaft GmbH	Warburgstrasse,28 20354 Hamburg Germany	Papier Union, GmbH	100%

10. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

As at 30 June 2010 and 31 December 2009, Trade receivable was broken down as follows:

	30 June 2010	31 December 2009
Trade receivables		
Trade receivables -Current account	175,596	154,212
Trade receivables -Bills receivable	11,327	18,431
Doubtful debt	12,038	12,391
	198,961	185,034
Cumulative impairment losses	-11,652	-10,794
Trade receivebles - net balance	187,309	174,240

As at 30 June 2010 and 31 December 2009, the balance of Other current assets was broken down as follows:

	30 June 2010	31 December 2009
Other current assets		
Associate companies	22	93
Advances to suppliers	413	2,089
Other debtors	21,758	11,214
Accrued income	18,037	27,789
Deferred costs	2,309	950
	42,539	42,135

11. CASH AND CASH-EQUIVALENT

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

	30 June 2010	31 December 2009	30 June 2009
Cash and cash-equivalent			
Banks	21.789	7.561	10.810
Cash	184	60	180
	21.973	**7.621**	**10.990**

Cash-flow Statement

For purposes of reconciliation to the Cash Flow Statement, Cash and cash-equivalent items are broken down as follows:

	30 June 2010	31 December 2009	30 June 2009
Cash and cash-equivalent			
Banks	21,789	7,561	10,810
Cash	184	60	180
Cash and cash-equivalent per balance sheet	**21,973**	**7,621**	**10,990**
Bank overdrafts	-106,620	-93,202	-94,786
Cash and Cas-equivalent per Cash-Flow statement	**-84,647**	**-85,581**	**-83,796**

The item banks includes a short-term deposit in the amount of 8 million Euros, with due date on July 2010.

The balance of Bank overdrafts includes creditor balances held on current accounts with financial institutions included in the balance of Loans (Note 13).

12. SHARE CAPITAL

As at 30 June 2010, share capital was represented by 150,000,000 fully subscribed and realised bearer shares of 1.00 Euro each.

In compliance with the provisions of Articles 16 and 248 - B of the Securities Market Code and CMVM (the Portuguese Securities Market Commission) Regulation no. 5 / 2008, Inapa – Investimentos, Participações e Gestão, SA, was duly notified of the following qualified holdings of its shares by other companies or individuals:

- Parpública – Participações Públicas, SGPS, SA, which held 49,084,738 shares corresponding 32.72% of its share capital and respective voting rights;
- Banco Comercial Português, SA, which held 27,391,047 shares corresponding 18.26% of its share capital and respective voting rights (*), and;
- José Augusto Martins Fazendeiro, which held 3,083,851 shares corresponding to 2.06% of its share capital and respective voting rights (**).

In compliance with the aforementioned applicable legislation and regulations, the Company was neither notified of any changes to the aforementioned holdings nor of any other holdings of other shareholders to whom voting rights equal to or greater than 2% of share capital may have accrued.

Notes:

(*) The holdings of Banco Comercial Português, SA, are broken down as follows:

- Banco Comercial Português, SA ……… 10,869,214 shares corresponding to 7.25% of voting rights;
- Fundo de Pensões do Groupo BCP …… 16,521,635 shares corresponding to 11.01% of voting rights.

(**)The holdings of José Augusto Martins Fazendeiro are broken down as follows:

- José Augusto Martins Fazendeiro …… 3,033,851 shares corresponding to 2.02% of voting rights;
- Albano R.N. Alves - Distribuição de Papel, SA …… 50,000 shares corresponding to 0.03% of voting rights.

As at 30 June 2010, the Group did not hold own shares and no transactions involving own shares were recorded during the six-month period under analysis.

13. LOANS

As at 30 June 2009 and 31 December 2010, Loans balance were broken as follows:

	30 June 2010	31 December 2009
Current debt		
° **Bank loans**		
° Bank overdrafts and short-term bridging finance	106.620	93.202
° Commercial paper, redeemable at face value, with maturaty date less than 12 months, renewable	106.000	111.500
° Medium-and-long term credit facilities (balance outstanding maturing in less than 12 month)	8.346	5.368
	220.966	210.070
° **Loans associated to financial assets - securitization**	111.800	109.244
Total current debt	332.766	319.314
Non-current debt		
° **Bank loans**		
° Medium and long term credit facilities	98.109	97.610
Total non-current debt	98.109	97.610
Total debt	**430.875**	**416.924**

As at 30 June 2010 the bank loans conditions are similar to the ones of 30 December 2010.

As at 30 June 2010 and 31 December 2009, the net balance of consolidated financial debt is broken down as follows:

	30 June 2010	31 December 2009
Loans		
Current	220.967	210.070
Non-current	98.109	97.610
	319.076	307.680
Loans associated to financial assets - securitization	111.800	109.244
Financial leases debt	12.564	12.816
	443.440	**429.740**
Cash and cash-equivalents	21.973	7.621
Negotiatable financial assets (listed securities)	-	-
Available-for-sale financial assets (listed securities)	-	-
	21.973	**7.621**
	421.467	**422.119**

14. SUPPLIERS AND OTHER CURRENT LIABILITIES

As at 30 June 2010 and 31 December 2009, the balances of Suppliers and of Other current liabilities were broken down as follows:

	30 June 2010	31 December 2009
Suppliers		
Suppliers on current account	51.729	42.193
Trade bills account	1	17
Invoices pending reconciliation	12.368	11.802
	64.098	54.012
Other current liabilities		
Advances from clients	639	973
Fixed assets suppliers	1.355	2.011
Other creditors	15.197	16.566
Accruals and deferred items	12.304	12.061
	29.495	31.611

15. INCOME TAX

The amount of taxes in the Interim Consolidated Income Statement for the six months to 30 June 2010, amounting to a total of 1,494 thousand Euros, equates to the liability for current income tax for the half-year period in the amount of 925 thousand Euros plus the balance of changes in deferred tax, amounting to 569 thousand Euros.

The differential between the nominal tax rate (average rate of 29.7%) and the effective company income tax rate (IRC company tax) for the Group, as at 30 June 2010, is detailed in the following table:

	30 June 2010
Net income before tax	3.253
Nominal company tax rate	29,7%
	-966
Income tax	-1.494
	528
Permanent differences- Germany	165
Permanent differences- Portugal	86
Permanent differences- France	206
FX differences	63
Other	8
	528

Deferred tax

All instances where future taxation due may come to be significantly impacted are reported in the financial statements as at 30 June 2010 and 31 December 2009.

The following table reports changes in deferred tax assets and liabilities during the six months to 30 June 2010 and the financial year ended 31 December 2009:

	01-01-2010	Changes in consolidation perimeter	Fair value reserves and other reserves	Net profit for the period	30-06-2010
Deferred tax assets					
Taxable provisions	54	-	-	0	54
Reportable tax losses	18.524	-	-	126	18.650
Others	3.796	-	-	-341	3.455
	22.374	-	-	-215	22.159
Deferred tax liabilities					
Fixed assets revaluation	-8.022	-	-	-12	-8.034
Depreciation	-10.059	-	-	-560	-10.619
Others	-807	-	-	218	-589
	-18.888	-	-	-354	-19.242
Net deferred tax	**3.486**	**-**	**-**	**-569**	**2.917**

	01-01-2009	Changes to the consolidation perimeter	Fair value reserves and other reserves	Net profit for the period	31-12-2009
Deferred tax assets					
Taxable provisions	59	-	-	-5	54
Reportable tax losses	23.164	-	-	-4.640	18.524
Others	3.700	-	-	96	3.796
	26.923	-	-	-4.549	22.374
Deferred tax liabilities					
Fixed assets revaluation	-9.225	-	-	1.203	-8.022
Depreciation	-8.903	-	-	-1.156	-10.059
Others	-3.494	-	-	2.687	-807
	-21.622	-	-	2.734	-18.888
Net deferred tax	**5.301**	**-**	**-**	**-1.815**	**3.486**

Deferred tax assets are recognised for tax losses insofar as the use of their respective fiscal benefits is likely due to expected future taxable profits. The Group recognised a balance of 10,650 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 name	Deferred tax balance	Due date
Inapa France	9,663	no due date
Inapa Distribuición Ibérica	4,299	2018-2025
Portuguese group companies	2,646	2013-2014
Inapa Suisse	239	2010-2012
Inapa Bélgique	1,541	no due date
Outros	262	
	18,650	

16. CONTINGENT LIABILITIES

On 1 August 2007, Papelaria Fernandes – Indústria e Comércio, SA filed a suit against Inapa – Investimentos, Participações e Gestão, SA and its subsidiaries Inaprest – Prestação de Serviços, Participações e Gestão, SA (a liquidated company) and Inapa Portugal – Distribuição de Papel, SA, petitioning the Court to, in short:

- Annul the following acts:
  - The signature of a Mercantile Notarial Bond, in June 2006, which was pledged as a counter-guarantee to letters of comfort issued by Inapa – Investimentos, Participações e Gestão, SA as security for credit facilities granted to that company by Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
  - The effectiveness of certain transactions processed in 1991 for purposes of concentrating paper merchanting business in SDP (currently Inapa Portugal) and envelope production and sales business in Papelaria Fernandes;
  - The purchase of the holdings of Papelaria Fernandes in the share capital of SDP (currently Inapa Portugal), in 1994; and
  - The credit compensation arrangements agreed to by Papelaria Fernandes and Inaprest, also in 1994.
- Find Inapa guilty and sentence it to:
  - Continue to honour the letters of comfort issued in favour of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
  - Indemnify Papelaria Fernandes in the event of the aforementioned notarial bond being realised by the beneficiaries as a counter-guarantee to the said letters of comfort.

Since then, Papelaria Fernandes – Industria e Comércio, SA, has fully repaid the credit facilities obtained from Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo, on account of which:

- The letters of comfort issued by Inapa - IPG have ceased to serve their original purpose and have since been released by their respective beneficiaries;

- The Company has consequently notified Papelaria Fernandes – Indústria e Comércio, SA that the terms and conditions of the mercantile notarial bond it had issued in its favour no longer applied, constituting due cause for cancellation thereof.

The legal suit, which has been valued at 24,460 thousand Euros, was contested by Inapa - IPG and by its subsidiary Inapa Portugal – Distribuição de Papel, SA, and is pending decision by the Court on the effects of the dissolution / liquidation of Inaprest – Prestação de Serviços, Participações e Gestão, SA. The Group believes that no financial impact will arise from such decision and, therefore, has not raised provisions on that account.

17. SUBSEQUENT EVENTS

After 30 June 2009, Inapa Group had formalized the acquisition of EBIX business in Spain.

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

5 - Mandatory Information

5.1 - Statement of Conformity

In compliance with the content of nº 1, Paragraph c) of Article 246 of CVM, the members of the Board of Directors of Inapa – Investimentos, Participações e Gestão ,SA hereby declare that, to the best of their knowledge, the information contained in the abridged consolidated financial statements reported to the six months to 30 June 2009 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, August 26th 2010

Álvaro João Pinto Correia
Chairman of the Board of Directors

José Manuel Félix Morgado
Vice-Chairman and President of the Executive Committee of the Board of Directors

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

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

Arndt Klippgen
Director and member of the Executive Committee of the Board of Directors

Emídio de Jesus Maria
Director and President of the Audit Committee

Acácio Jaime Liberado Mota Piloto
Director and member of the Audit Committee

Eduardo Fernández-Espinar
Director and member of the Audit Committee

5.2 - 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	Number of shares	Voting Rights
Álvaro João Pinto Correia	0	0%
José Manuel Félix Morgado	563 631	0,38%
António José Gomes da Silva Albuquerque	0	0%
Jorge Manuel Viana de Azevedo Pinto Bravo	0	0%
Arndt Klippgen	0	0%
Emídio de Jesus Maria	0	0%
Acácio Jaime Liberado Mota Piloto	0	0%
Eduardo Fernández-Espinar	200 000	0,13%
held by entities contemplated in no. 2 of articule 447.º of Portuguese Commercial Companies Code	100 000	0,07%

Official Auditor of Accounts

Name	Number of shares	Voting Rights
PricewaterhouseCoopers & Associates, SROC, Lda, represented by: - Ricardo Filipe de Frias Pinheiro – Current Auditor	0	0%
José Manuel Henriques Bernardo - Substitute Auditor	0	0%

5.3 - Managerial Transactions

Under the terms of paragraph a) no.1 of Article 9 of CMVM Regulation 5 / 2008, Inapa – Investimentos, Participações e Gestão, SA informs about all the transactions made by persons discharging managerial responsibilities in the half of 2010.

Vasco Luís Schulthess de Quevedo Pessanha

Date	Amount	Price	Means
25/03/2010	480.000	€1,10	Sale/ Over the counter
26/03/2010	480.000	€0,50	Sale/ Over the counter

Shares held by person or entity under no. 1 of article 9.º of the CMVM Regulation no. 5/2008.

Sociedade Agro-Pecuária da Quinta do Távora, SA (company controlled by Dr. Vasco Luís Schulthess de Quevedo Pessanha)

Date	Amount	Price	Means
12/03/2010	19.243	€0,632	Sale/ Stock Exchange
15/03/2010	15.000	€0,632	Sale/ Stock Exchange
16/03/2010	15.756	€0,636	Sale/ Stock Exchange
19/03/2010	6.350	€0,638	Sale/ Stock Exchange
19/03/2010	20.000	€0,636	Sale/ Stock Exchange
19/03/2010	18.000	€0,635	Sale/ Stock Exchange
22/03/2010	5.641	€0,622	Sale / Stock Exchange

Sociedade Agrícola da Quinta dos Buxeiros, Lda. (company controlled by Dr. Vasco Luís Schulthess de Quevedo Pessanha)

Date	Amount	Price	Means
25/03/2010	480.000	€1,10	Sale/ Over the counter
26/03/2010	480.000	€0,50	Purchase/ Over the counter

5.4 – Auditor's Report

Limited Review Report Prepared by an Auditor Registered
in the Securities Market Commission (CMVM)
of the Consolidated Half Year Information
(Free translation from the original in Portuguese)

Introduction

1 In accordance with the Portuguese Securities Market Code (CVM) we hereby present our limited review report on the consolidated financial information for the six-month period ended June 30, 2010 of Inapa – Investimentos, Participações e Gestão, SA included in the consolidated Report of the Board of Directors, consolidated balance sheet (which shows total assets of €728,450 thousand and a total shareholders' equity of €156,347 thousand, including minority interests of €1,032 thousand and a net profit of €1,657 thousand), consolidated separate income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the six-month period then ended and the corresponding notes to the accounts.

2 The amounts in the consolidated financial statements, as well as those in the additional financial information, are derived from the respective accounting records.

Responsibilities

3 It is the responsibility of the Board of Directors: (a) to prepare consolidated financial information which present truly and fairly the financial position of the companies included in the consolidation and the consolidated results of its operations; (b) to prepare historical financial information in accordance with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union and which is complete, true, timeliness, clear, objective and licit as required by the CVM; (c) to adopt adequate accounting policies and criteria; (d) to maintain appropriate systems of internal control; and (e) to disclose any significant facts that have influenced the operations, financial position or results.

4 Our responsibility is to verify the financial information included in the documents referred to above, namely if it is complete, true, timeliness, clear, objective and licit as required by the CVM, and to issue a professional and independent report based on our work.

Scope

5 Our work was performed with the objective of obtaining moderate assurance as to whether the financial information referred to above is free of material misstatement. Our work was performed in accordance with the Standards and Technical Recommendations issued by the Portuguese Institute of Statutory Auditors, planned according to that objective, and consisted primarily, in enquiries and analytical procedures, to review: (i) the reliability of the assertions included in the financial information; (ii) the adequacy of the accounting policies adopted taking into account the circumstances and the consistency of their application; (iii) the applicability, or not, of the going concern concept; (iv) the presentation of the consolidated financial statements; and (v) as to whether the consolidated financial information is complete, true, timeliness, clear, objective and licit.

6 Our work also covered the verification of the consistency of the consolidated financial information included in the Report of the Board of Directors with the remaining documents referred to above.

7 We believe that the work performed provides an acceptable basis for the issue of our limited review report in respect of the half year information.

Conclusion

8 Based on the work, which was performed with the objective of obtaining moderate assurance, nothing came to our attention that leads us to believe that the consolidated financial information for the six-month period ended June 30, 2010 is not free of material misstatements that affect its conformity with the International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union and the information contained therein is not complete, true, timeliness, clear, objective and licit.

Emphasis

9 Without qualifying our opinion in the previous paragraph, we draw attention that, as mentioned in Note 16 of the notes to the accounts, Papelaria Fernandes – Indústria e Comércio, SA has raised in 2007 against Inapa – Investimentos, Participações e Gestão, SA a legal proceedings, related to events occurred in previous years. Inapa – Investimentos, Participações e Gestão, SA considered that they do not have any relevant liability with Papelaria Fernandes – Indústria e Comércio, SA as a result of the transactions mentioned in the legal proceedings raised by this company, therefore, no provision had been created in the financial statements.

Lisbon, August 27, 2010

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
Registered in the Portuguese Securities Markets Commission with no. 9077
represented by:

____
Ricardo Filipe de Frias Pinheiro, R.O.C.

6 - Additional Information

WARNING

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

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

Report available on Inapa's website
www.inapa.pt

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Inapa is admitted to trading on the Euronext Stock Exchange.
Information about the company may be checked under the ticker "INA".

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