



1st Semester 2008

Report



INAPA – INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, SA
(publicly held company)

Headquarters: Rua do Salitre, n.º 142, freguesia de São Mamede, Lisboa
Capital: € 150 000 000.00 NIPC and registered at the Lisbon Commercial Registry
Office, under no. 500 137 994



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I - Management Report



Business Evolution

The first semester was characterized by a difficult macroeconomic situation, highlighted by the slow-down of European economies due to a lack of liquidity in the financial markets and the consequent increase in interest rates.

Inapa's positive performance can be seen in the

Earnings before taxes of € 1.7 million, a € 6 M improvement when compared to 2007

Recurring EBITDA of € 21.3 million, a growth of 12.5%

Notwithstanding the aforementioned macroeconomic context, and excluding the discontinued Italian operation in July 2007, Inapa is experiencing a slight growth in business volume reaching € 531 million.

This improvement was made possible by the 2% increase in the average price per ton and improved stock/indent ratio at 1% together with the increase in the weight of business with greater potential for growth and contribution.

The strategic option of diversifying business to products with greater added value, defined in Inapa's 2010 business plan, has already shown results with the "sales of other products" with a growth of 87%, reaching € 23.2 million and 4.4% of the Group's total sales.

Gross Margin, excluding the Italian operation, remained stable at 17.6% and reaching 93.7 million Euros.

As a reflection of the accentuated increase in fuel costs, distribution costs grew by 4.8%.

However, this effect was compensated by the 11.6% reduction in "other operational costs", which resulted in a 7.3% reduction in total operational costs.

Despite the strong inflationary tension, the reduction in personnel costs (5.1%) and the cost of third party services (18.4%) contributed towards this positive performance.

The aforementioned growth reflects the improved operational performance, as defined in Inapa's 2010 strategic plan.

Recurring EBITDA increased 12.5% when compared to the same period of 2007, reaching € 21.3 million.

EBITDA margin also experienced a growth of 0.5%, reaching 4% of sales.



This performance in recurring EBITDA, which comes as the result of aforementioned gains in efficiency, is in line with the objectives laid out in Inapa's 2010 plan.

Non-recurring costs, related to restructuring still underway, fell 89%, settling at 0.3 million Euros.

Despite the significant increase in interest rates which, in the case of the 3-month Euribor, increased from 3.75% to 4.96% between January 2007 and June 2008 (an increase of 32%), the financial function diminished 8.6%, at 15.9 million Euros.

The nearly 2% reduction in working capital was a key factor for this evolution. The stock management and optimization of the product mix program allowed a 10-day reduction in paper stock.

In order to guarantee better financial conditions in Group purchases, part of the liquidity generated was directed towards advanced payments to suppliers and the consequent discounts.

Net debt remained at 334 million Euros, reflecting not only advanced payments to suppliers, but also investments made in the acquisitions of Logistipack SAS, leader in France in packaging material sales by catalogue, and Complott GmbH, a German visual communication material distribution company, partially compensated by generated operational cash flow (5.3 million Euros), and the reduction in working capital.

The aforementioned positive operational and financial performance is seen in the 1.7 million Euros in earnings before taxes, against a loss of 4.4 million Euros recorded in the first semester of 2007.

Net profit after minority interests was 1 million Euros, compared to 6.6 million Euros in the first semester of 2007.



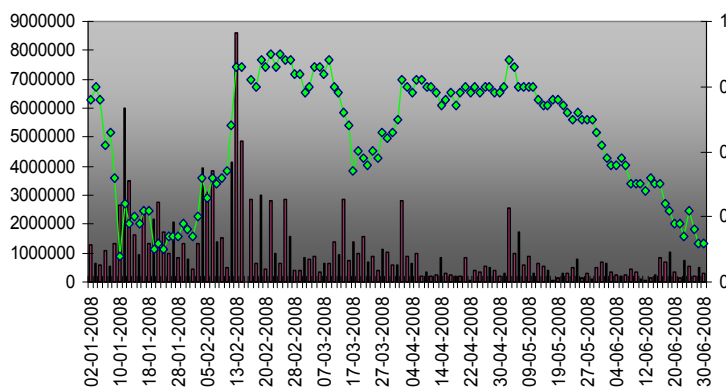
Stock Market Performance

With regard to stock market performance, the first 6 months of 2008 represented the worst semester in the past 15 years for most markets and for the Portuguese market in particular, with a 30.2% devaluation of the PS120 index, when compared to the end of 2007.

Likewise, transactions experienced a substantial reduction. Traded volumes fell 27.6% in the Portuguese market and traded values decreased by 37.1%.

Contrary to the market, the volume and values of traded Inapa shares increased 6.7 times and 165% respectively, with more than 138 million shares being traded, or 92% of capital.

Inapa's shares, although following the trend, depreciated slightly less than the market (28.2%).



Significant Facts 1st Semester 2008

- 28 Jan** – Extinction of Comfort Letters issued on behalf of Papelaria Fernandes SA
- 18 Feb** – Acquisition of the remaining 65% in Logistipack SAS
- 3 Mar** – Acquisition of the German visual communication company - Complott Art - Vertrieb GmbH
- 10 Mar** - Disclosure of Results for 2008
- 9 Apr** – General Shareholder Assembly
- 6 May** – Disclosure of Results for 1st Quarter of 2008
- 2 Jun** – Sale of the stake participation in Papeis Carreira Açores

| | | | |
|--|--------|--------|--------|
| Traded Volume (Millions of Shares) | 141.89 | 1S2008 | 1S2007 |
| Average Traded Volume per Day (Millions of Shares) | 1.07 | 138.65 | 17.89 |
| Traded Value (Millions €) | 114.78 | 112.71 | 42.42 |

Near Term Outlook

Notwithstanding the difficulties and uncertainty of the European economic situation, namely the pressure exerted at the interest rate level and transportation costs due to high fuel prices, Inapa expects to maintain the trend for recovery in its economic performance based on operational improvements, commercial efficiency and rigorous management of the capital employed in the second semester.



Income Statement from Management's Perspective

Values in millions of Euros

| | <u>1st Semester 2008</u> | <u>1st semester 2007</u> | <u>% Var.</u> |
|-------------------------------------|-------------------------------------|-------------------------------------|---------------|
| Sales Gross Margin | 531 | 541,795.8 | -2.0% |
| | | | -2.2% |
| Other Operational Earnings | 9.6 | 9.2 | 3.4% |
| Distribution Costs | -23.9 | -22.8 | 4.8% |
| Other Operational Costs | -58.1 | -65.7 | -11.6% |
| Re-Ebitda | 21.3 | 16.5 | 12.5% |
| Amortizations | -3.4 | -3.4 | -0.3% |
| Ebit | 17.9 | 13.1 | 36.6% |
| Gross | 93,7 | -17,4 | -8,6 |
| Financial Function | -15.9 | -17.4 | -8.6% |
| Non-Recurring Costs | -0.3 | -2.5 | -89.0% |
| Profits Before Taxes | 1.7 | -4.4 | 138.0% |
| Net Profits After Minorities | 1 | -6.6 | |

Declaration of Conformity

In compliance with no. 1, item c) of article 246 of the Portuguese Securities Code, the members of the Board of Directors at Inapa - Investimentos, Participações e Gestão, SA declare that, to their knowledge, the information contained in the condensed financial statements that refer to the semester ended 30 June 2008, was elaborated in compliance with the applicable accounting norms, providing a true and appropriate picture of assets and liabilities, of the financial situation and the company's results and of the companies included within the perimeter of consolidation, and that the intercalary management report faithfully exposes the evolution of company business, the performance and the position of the set of companies included in the consolidation.

Lisbon, 29 July 2008

Vasco Luís Schulthess de Quevedo Pessanha

Chairman of the Board of Directors

Jorge Armindo de Carvalho Teixeira

Vice-Chairman of the Board of Directors

José Manuel Felix Morgado

President of the Executive Board of the Board of Directors

Emídio Jesus Maria

President of the Audit Commission



Arndt Jost Michael Klippgen

Member of the Board and Voting Member of the Executive Board of the Board of Directors

Pedro Maria Cabral Norton de Matos

Member of the Board Voting Member of the Audit Commission

Abílio Ramos Marques

Member of the Board and Voting Member of the Audit Commission



II – Individual Financial Statements

INAPA- Investimentos, Participações e Gestão, S.A.
BALANCE SHEET AS AT 30 JUNE 2008

| | 30 JUNE 2008 | 31 DECEMBER 2007 | 30 JUNE 2007 | EQUITY AND LIABILITIES | | | | | |
|--|--------------------|-------------------------------|--------------------|------------------------|--------------------|--|--------------------|--------------------|--------------------|
| | Gross Assets | Amortizations and Adjustments | Net Assets | Net Assets | Net Assets | 30 June 2008 | 31 December 2008 | 30 June 2008 | |
| ASSETS | | | | | | | | | |
| Fixed Assets: | | | | | | | | | |
| <i>Intangible Fixed Assets:</i> | 3,273,004 | 545,424 | 2,727,580 | 3,245,454 | 45 | Equity: Capital | 150,000,000 | 150,000,000 | 27,237,013 |
| Set up expenses | 45,000 | 11,250 | 33,750 | 36,000 | 16,003 | Own Shares – Nominal Value | 0 | 0 | 0 |
| Research and development expenses | 47,658 | 32,922 | 14,736 | 15,510 | 12,500 | Own Shares – Discounts and premiums | 0 | 0 | 0 |
| Industrial property and other rights In-progress | 0 | 0 | 0 | 0 | 0 | Share Premiums | 2,937,250 | 2,937,250 | 2,937,250 |
| On-going amortizations | 3,365,662 | 589,596 | 2,776,065 | 3,296,964 | 28,548 | <i>Adjustments in Stakes in Group Companies and Affiliates</i> | -986 | -253,013 | -490,928 |
| <i>Tangible fixed assets:</i> | | | | | | <i>Reserves:</i> | | | |
| Land and natural resources | 0 | 0 | 0 | 0 | 53,441 | Legal reserves | 7,500,000 | 7,500,000 | 7,500,000 |
| Buildings and other constructions | 216,019 | 0 | 216,019 | 336,030 | 562,331 | Other reserves | 225,466 - | 225,466 | 225,466 |
| Basic equipment | 21,929 | 18,264 | 3,665 | 4,147 | 4,458 | Retained Earnings | 10,362,106 | 0 | 0 |
| Transportation equipment | 17,736 | 17,736 | 0 | 0 | 0 | | 150,299,624 | 160,409,704 | 37,408,801 |
| Administrative equipment | 496,847 | 485,290 | 11,557 | 17,317 | 26,877 | Net Results | 473,161 | -10,362,106 | -6,600,023 |
| Other Tangible fixed assets | 65,069 | 6,493 | 58,576 | 59,186 | 70,690 | | | | |
| | 817,600 | 527,782 | 289,818 | 416,679 | 717,797 | TOTAL EQUITY | 150,772,785 | 150,047,598 | 30,808,778 |
| <i>Financial Investments:</i> | | | | | | | | | |
| Investment in group companies | 218,773,512 | 0 | 218,773,512 | 217,712,141 | 204,813,033 | | | | |
| Securities and other financial investments | 141,407 | 124,699 | 16,708 | 16,708 | 14,000 | | | | |
| Other loans granted | 7,628,000 | 0 | 7,628,000 | 7,628,000 | 7,628,000 | | | | |
| In-progress Fixed Assets | 0 | 0 | 0 | 0 | 201,780 | | | | |
| Advances due to financial investments | 25,961,131 | 0 | 25,961,131 | 25,961,131 | 47,446,748 | | | | |
| | 252,504,051 | 124,699 | 252,379,351 | 251,317,981 | 260,103,561 | Liabilities: | | | |
| Current Assets: | | | | | | <i>Third-party debt – Mid and long term:</i> | | | |
| <i>Third-party debt – Mid and long term:</i> | | | | | | Loans for non-convertible bonds | 36,750,000 | 0 | 77,294,635 |
| Group Companies | 28,197,879 | | 28,197,879 | 28,197,879 | 45,730,879 | Debt to Credit Institutions | 23,777,645 | 0 | 0 |
| Other debtors | 16,695,331 | | 16,695,331 | 16,695,331 | 0 | Other creditors | 2,610,034 | 97,940,389 | 95,416,516 |
| | 44,893,210 | | 44,893,210 | 44,893,210 | 45,730,879 | | 63,137,678 | 97,940,389 | 172,711,151 |
| <i>Third-party debt – Short term:</i> | | | | | | <i>Third-party debt – Short term:</i> | | | |
| Clients | 1,891,045 | | 1,891,045 | 1,948,200 | 2,937,155 | Loans for non-convertible bonds | 0 | 77,294,635 | 0 |
| Clients with doubtful debt | 0 | | 0 | 0 | 0 | Debt to credit institutions | 140,259,143 | 112,616,261 | 133,592,861 |
| Group Companies | 40,624,309 | | 40,624,309 | 41,420,043 | 18,165,178 | Suppliers, c/a | 175,626 | 362,228 | 118,541 |
| Advances for suppliers | 30,923 | | 30,923 | 30,923 | 87,923 | Group Companies | 0 | 2,611 | 1,318 |
| Affiliates and participating companies | 0 | | 0 | 0 | 0 | Other shareholders | 11,436 | 11,436 | 11,436 |
| State and Other Public Entities | 827,428 | | 827,428 | 2,488,689 | 2,109,208 | Fixed asset suppliers c/a | 1,248,282 | 1,207,075 | 106,250 |
| Other debtors | 2,638,139 | 303 | 2,637,837 | 3,545,369 | 2,550,955 | States and Other Public Entities | 353,086 | 106,140 | 194,330 |
| | 46,011,844 | 303 | 46,011,541 | 49,433,223 | 25,850,419 | Other creditors | 3,557,789 | 3,998,275 | 3,465,294 |
| | | | | | | | 145,605,362 | 195,598,661 | 137,490,030 |
| <i>Securities:</i> | | | | | | <i>Accruals and Deferrals</i> | | | |
| Other Securities | 5,501,510 | | 5,501,510 | 5,501,510 | 5,501,510 | Cost accruals | 825,087 | 2,513,974 | 2,856,382 |
| | 5,501,510 | | 5,501,510 | 5,501,510 | 5,501,510 | | 825,087 | 2,513,974 | 2,856,382 |
| <i>Bank deposits and cash:</i> | | | | | | | | | |
| Bank deposits | 76,516 | | 76,516 | 80,094,206 | 88,312 | | | | |
| Cash | 4,497 | | 4,497 | 81,874 | 97,758 | | | | |
| | 81,013 | | 81,013 | 80,176,081 | 186,070 | | | | |
| <i>Accruals and Deferrals</i> | | | | | | TOTAL LIABILITIES | 209,568,128 | 296,053,025 | 313,057,563 |
| Accrued income | 3,758,964 | | 3,758,964 | 6,311,402 | 3,680,181 | TOTAL EQUITY AND LIABILITIES | 360,340,913 | 446,100,623 | 343,866,341 |
| Deferred costs | 1,762,389 | | 1,762,389 | 2,165,324 | 1,943,375 | | | | |
| Deferred taxes | 2,887,053 | | 2,887,053 | 2,588,250 | 124,000 | | | | |
| | 8,408,405 | | 8,408,405 | 11,064,976 | 5,747,556 | | | | |
| TOTAL ASSETS | 361,583,294 | 1,242,381 | 360,340,913 | 446,100,623 | 343,866,341 | | | | |



INAPA - Investimentos, Participações e Gestão, SA

PROFIT & LOSS ACCOUNT BY CATEGORY ON 30 JUNE 2008

In Euros

| COSTS AND LOSSES | 30 June 2008 | 30 Junho 2007 | 31 December 2007 |
|---|-------------------|-------------------|-------------------|
| External supplies and services | 404.450 | | |
| Personnel costs : | 831.659 | 491.927 | 426.070 |
| Salaries | 0 | 1.918.616 | 894.515 |
| Social contributions: | 339.621 | | |
| Pensions | 555.450 | 100.250 | 123.862 |
| Others | 274.624 | 1.028.985 | 311.838 |
| Fiscal year amortizations and adjustments | 93.129 | | |
| Taxes | | 29.787 | 326.864 |
| Other operational costs and losses | | 491.927 | 232.397 |
| | | 565.407 | 65.654 |
| (A) | <u>2.498.932</u> | <u>5.092.922</u> | <u>2.381.201</u> |
| Interest and Equivalent Costs: | | | |
| Losses in group companies and affiliates | 1.370.000 | 5.433.717 | 5.433.717 |
| Others | 6.838.889 | 6.720.926 | 6.720.926 |
| (C) | <u>10.707.822</u> | <u>34.535.417</u> | <u>14.535.844</u> |
| Extraordinary costs and losses | 60.263 | 561.578 | 327.212 |
| (E) | <u>10.768.085</u> | <u>35.096.995</u> | <u>14.863.056</u> |
| Taxes on fiscal year earnings | -295.478 | -2.584.138 | -124.000 |
| (G) | <u>10.472.607</u> | <u>32.512.857</u> | <u>14.739.056</u> |
| Fiscal Year Net Profits | 473.161 | -10.362.106 | -6.600.023 |
| | <u>10.945.768</u> | <u>22.150.751</u> | <u>8.139.033</u> |
| INCOME AND GAINS | | | |
| Service rendering | 2.010.963 | 4.281.209 | 2.053.273 |
| Supplementary income | 4.480.237 | 8.203.955 | 4.836.848 |
| (B) | <u>6.491.200</u> | <u>12.485.164</u> | <u>6.890.121</u> |
| Gains in group companies and affiliates | 2.179.345 | 4.066.685 | 0 |
| Earnings from securities and other shares | | | |
| Others | 283.619 | 508.219 | 239.656 |
| Other interest and equivalent income | | | |
| Others | 1.360.257 | 2.338.154 | 1.008.765 |
| (D) | <u>10.314.421</u> | <u>19.398.222</u> | <u>8.138.542</u> |
| Extraordinary income and gains | 631.347 | 2.752.529 | 491 |
| (F) | <u>10.945.768</u> | <u>22.150.751</u> | <u>8.139.033</u> |
| SUMMARY | | | |
| Operational profits: (B) – (A) = | 3.992.268 | 7.392.242 | 4.508.921 |
| Financial profits: (D-B) - (C-A) = | -4.385.668 | -22.529.437 | -10.906.222 |
| Current profits: (D) - (C) = | -393.400 | -15.137.195 | -6.397.302 |
| Profits before taxes: (F) - (E) = | 177.683 | -12.946.244 | -6.724.023 |
| Fiscal Year Net Profits: (F) - (G) = | 473.161 | -10.362.106 | -6.600.023 |



INAPA - INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, SA

CASH FLOW STATEMENT FOR THE SEMESTER ENDED 30 JUNE 2008

(Sums expressed in Euros) – direct method

| | 30.06.2008 | 30.06.2007 |
|--|--------------|-------------|
| Cash flows from operating income | | |
| Receipts from Customers | 2.456.012 | 493.052 |
| Payments to suppliers | -326.105 | -1.601.468 |
| Payments to personnel | -1.535.675 | -982.938 |
| Flows generated by operations | 594.232 | -2.091.354 |
| Tax payments on earnings | | |
| Tax receipts on earnings | -185.479 | -560.838 |
| Other receipts related to operating activity | 29.709 | 0 |
| Other payments related to operating activity | 13.055.023 | 10.383.400 |
| | -27.225.978 | -1.166.207 |
| Flows generated before extraordinary items | -13.732.492 | 6.565.001 |
| Receipts related to extraordinary items | 0 | 0 |
| Payments related to extraordinary items | 0 | 0 |
| Cash flows from operating income | -13.732.492 | 6.565.001 |
| Cash flows from investing activities | | |
| Receipts from: | | |
| Financial investments / reimbursement from granted loans | 2.050.000 | 5.557.953 |
| Tangible fixed assets | 108.000 | 0 |
| Interest and equivalent income | 849.673 | 237.739 |
| Advances for third-party expenses | 0 | 0 |
| | 3.007.673 | 5.795.692 |
| Payments related to: | | |
| Financial Investments | -98.286.208 | -1.518.259 |
| Tangible fixed assets | 0 | 10.915 |
| Intangible Fixed Assets | 0 | 0 |
| Loans granted | -14.965.538 | 0 |
| Advances for third-party expenses | 0 | -645.064 |
| | -113.251.746 | -2.174.238 |
| Cash flows from investing activities | -110.244.073 | 3.621.453 |
| Cash flows from financing activities | | |
| Receipts from: | | |
| Loans obtained | 57.000.000 | 54.000.000 |
| Treasury applications | 0 | 227.390 |
| | 57.000.000 | 54.227.390 |
| Payments related to: | | |
| Loans obtained | -6.222.355 | -48.000.000 |
| Interest and Equivalent Costs | -7.539.159 | 6.904.562 |
| Treasury applications | 0 | 2.219 |
| | -13.761.514 | -54.906.781 |
| Cash flows from financing activities | 43.238.486 | -679.391 |
| Cash variations and equivalents | -80.738.080 | 9.507.063 |
| Effect of exchange differences | 130 | 0 |
| | -80.737.950 | 9.507.063 |
| Cash and equivalents at beginning of period | 64.559.819 | -40.412.343 |
| Cash and equivalents at end of period | 16.178.131 | 30.905.280 |
| | -80.737.950 | 9.507.063 |



INAPA - INVESTIMENTOS, PARTICIPAÇÕES E GESTÃO, SA

APPENDIX TO THE FINANCIAL STATEMENTS FOR THE SEMESTER ENDED 30 JUNE 2008

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

INTRODUCTION

Inapa - Investimentos, Participações e Gestão, SA (Inapa - IPG) is the main company in the Inapa Group. Its purpose is to own and manage real state and personal property, participating in the capital of other companies, exploring its own or third-party commercial and industrial establishments and providing assistance to companies in whose capital it participates. Inapa - IPG is listed in Euronext Lisbon.

The semester's financial statements were prepared, in every material aspect, in compliance with the Portuguese Official Accounting Plan (POC).

The notes to the accounts respect the order established by the POC. It is also important to mention that the numbers not indicated in this Appendix have no application or are not relevant.

NOTE 1 – DEROGATIONS TO THE POC

These financial statements derogate from the POC with regard to the subsequent valuation of Goodwill, which shall be carried out according to the International Financial Reporting Standard no. 3, as described in Note 3 (i).

NOTE 2 – COMPARATIVE VALUES

The values in the financial statements for the period ended 30 June 2008 are comparable, in every significant aspect, with the values for the homologous period of 2007.

NOTE 3 – MAIN ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

The financial statements included as an appendix were prepared in the presupposition of the continuity of operations, from the company's accounting records. The main accounting principles and valuation criteria adopted in the preparation of the accounting statements are the following:



(i) Financial investments and securities

The financial investments in subsidiary companies and affiliates are valued by the equity method. In the 2006 fiscal year, the referred to method was adopted for the 1st time, as stated by Accounting Guideline no. 9.

The financial investments recorded according to the equity method are initially recorded according to acquisition cost, increased or decreased by the difference (Goodwill) between this value and the proportional part of equity held in subsidiaries and affiliates, adjusted by the attribution of fair value to assets and liabilities on the date of acquisition or the first application of the equity method. Goodwill is recorded in the Stakes in Group Companies item.

According to the equity method, financial stakes are adjusted by the value that corresponds to the participation detained by Inapa – IPG in net profits of subsidiaries and affiliates, by which the value of dividends attributed by these companies is reduced from the value of financial investment.

As mentioned in Note 1, the Company applies International Financial Reporting Standard no. 3 in the valuation of Goodwill, subsequent to its initial registry, and according to this norm, Goodwill is not amortized, but is subject to annual tests of imparity. In the event of a loss by imparity, it is recorded in the results for this fiscal year and cannot be reversed.

Securities are recorded in assets according to the respective acquisition cost. When the difference between security acquisition cost and the respective market value is significant and considered to be permanent, an adjustment is made by means of a counter-entry in fiscal year results. Unrealized gains that correspond to the difference between acquisition cost and market value are not recognized.

(ii) Tangible fixed assets

Assets acquired up to 1992 were the object of revaluation, as per Decrees 430/78, 219/82, 339-G/84, 118-B/86, 111/88, 49/91 and 264/92. The reserves generated by the revaluations made in legal terms, totalling 9,251.73 thousands of Euros, were fully incorporated in capital stock by increases made in 1986, 1990 and 1997. Assets acquired after the 1992 fiscal year are valued at historic cost.

Amortizations of tangible fixed assets are calculated according to the constant quota method, using the rates defined in Administrative Rule 737/81, of 29



August, for assets acquired up to December 1988. The rate stipulated in Regulatory Decree no. 2/90, of 12 January, is used for assets acquired after January 1989, which are considered to satisfactorily represent the estimated useful life of assets and are as follows :

| | |
|-----------------------------------|-------------|
| Buildings and other constructions | 2% - 5% |
| Basic equipment | 6.66% - 10% |
| Transportation equipment | 20% - 50% |
| Administrative equipment | 10% - 12.5% |

The duodecimal amortization process begins in the month of the fiscal year the respective asset is put into operation.

(iii) Intangible Fixed Assets

These are mainly the costs involved in the Group restructuring process, in the increase of capital that took place in 2007 and the several projects that have been developed. They are substantially amortizable in five years, in duodecimals, beginning the month of the year they are incurred or the project is concluded. Expenses in capital stock increases are amortized in a 3-year period.

(iv) Adjustments for doubtful debt credits

Adjustments are recorded for doubtful debt credits according to collection risks identified at the end of each period.

(v) Retirement pension complements

On 30 June 2008, there are no plans in effect for attributing complements to retirement pensions.

(vi) Charges with loans obtained



Charges incurred from mid and long term loans are recorded in the deferred costs item and are recognized, in a systematic manner, throughout the loan period.

(vii) Specialization of fiscal years

The Company records its revenues and expenses according to the principle of specialization of fiscal years, in which revenues and expenses are recognized as they are generated, regardless of when they are received or paid. The differences between the sums received and paid and the corresponding revenues and expenses generated are recorded in the Accruals and Deferrals items.

(viii) Income tax

Income tax includes current and deferred taxes. The situations of deferred taxes are entered according to Accounting Guideline no. 28 (see Note 6).

(ix) Statement of cash flows

For purposes of the statement of cash flows, the Cash item and its equivalents correspond to the sum of Cash, Call Deposit and Bank Overdraft balances (see Note 48 e)). This statement was elaborated using the direct method.

NOTE 6 - TAXES ON EARNINGS

CURRENT TAXES

Starting from the 2003 fiscal year, the company and its subsidiaries headquartered in Portugal are taxed according to Corporate Income Tax (IRC) by means of a special tax regime for groups of companies, composed by companies with participation equal to or greater than 90% that comply with the conditions stipulated in article 63 and following of the IRC Code. Inapa - IPG, as the parent company, is responsible for calculating the Group's taxable profit by means of the algebraic sum of taxable profits and the fiscal losses determined in the earnings returns of each of the companies that belong to the Group.



The payment of taxes on profits is carried out based on self-liquidation statements that are subject to inspection and possible adjustments by Fiscal Administration within the four subsequent years. If fiscal losses are determined, they can be used in the 6 following fiscal years, subject to a possible adjustment by Fiscal Authorities, after the revision of the fiscal year returns in which they are to be used.

The Company is subject to the IRC at a normal rate of 25%, plus local tax proportionally divided amongst the taxpayers, which corresponds to a rate of 1.5%, resulting in an aggregate tax rate of 26.5%. The local tax proportionally divided amongst the taxpayers is applied to collectable material before the deduction of fiscal losses.

DEFERRED TAXES

If relevant, tax deferral situations are recognized on an accounting basis. Recognized deferred taxes correspond to temporary differences between the sums of assets and liabilities for purposes of accounting reporting and the respective sums for taxation purposes. Deferred tax assets are recorded when there are reasonable expectations for sufficient future fiscal profits to be used. On the date of each balance, the temporary differences underlying the deferred tax assets are revaluated according to the current expectation of future recovery. Deferred taxes are recorded in the income statement, except when related to values that have been moved in equity, which implies they are also recognized in equity.



The value for the deferred taxes of 30 June 2008 and 31 December 2007 is as follows:

| | 30 June 2008 | | 31 December 2007 | | Fiscal year result |
|---------------------|--------------|-----------------|------------------|-----------------|-----------------------|
| | Base | Deferred tax | Base | Deferred tax | |
| Deferred tax asset: | | | | | Dr/(Cr) |
| Fiscal losses | 11,548 | 2,887 | 10,352 | 2,588 | (299) |
| Deferred tax | | | | | <u>(299)</u> |
| Current tax | | | | | <u>4</u> |
| Income tax | | | | | <u>(2 9 5)</u> |

On 30 June 2008, the fiscal loss was determined as follows:

| | <u>2008</u> |
|----------------------------|---------------|
| Profit before taxes: | 178 |
| Annulment of equity method | -1,381 |
| Others | <u>7</u> |
| Fiscal loss | <u>-1,196</u> |

NOTE 7 – EMPLOYMENT VOLUME

During the fiscal year, the company had on average 24 employees at its service (2007: 24 employees).

NOTE 8 – INTANGIBLE FIXED ASSETS

See Notes 3 (iii) and 10.



NOTE 10 – ACTIVITY IN CURRENT FIXED ASSET ITEMS

Gross Assets

| | Starting balance | Increases | Sales | Transfers and Discounts | End balance |
|--|---------------------|-----------|-------|----------------------------|----------------|
| Intangible Fixed Assets | | | | | |
| Installation Expenses | 3,246 | 28 | | | 3,273 |
| Research and development expenses | 45 | - | - | - | 45 |
| Industrial property and other rights | 48 | 0 | | | 48 |
| In-progress Fixed Assets | - | - | - | - | 0 |
| | 3,338 | 28 | | | 3,366 |
| Tangible fixed assets | | | | | |
| Land and natural resources | 0 | | | | 0 |
| Buildings and other constructions | 336 | - | (120) | - | 216 |
| Basic equipment | 22 | - | - | - | 22 |
| Transportation equipment | 18 | | | | 18 |
| Administrative equipment | 497 | | | | 497 |
| Other tangible fixed assets | 65 | - | - | - | 65 |
| | 938 | - | (120) | - | 818 |
| Financial Investments | | | | | |
| Stakes in group companies (see Note 16) | 217,712 | 1,061.3 | | | 218,773.5 |
| Securities and other financial investments | 141 | - | - | - | 141 |
| Other loans granted | 7,628 | - | - | - | 7,628 |
| In-progress Fixed Assets | 0 | | | | 0 |
| Advances due to financial investments | 25,961 | - | - | - | 25,961 |
| | 251,443 | 1,061.3 | - | - | 252,504 |

Amortizations and provisions

| | Starting balance | Reinforcement | Regularizations | End balance |
|--------------------------------------|---------------------|---------------|-----------------|----------------|
| Intangible Fixed Assets | | | | |
| Installation Expenses | - | 545.4 | - | 545.4 |
| Research and development expenses | 9.0 | 2.3 | - | 1.3 |
| Industrial property and other rights | 32.0 | 0.9 | - | 3.9 |
| | 41.0 | 548.6 | - | 589.6 |
| Tangible fixed assets | | | | |
| Buildings and other constructions | - | - | - | - |
| Basic equipment | 17.8 | 0.5 | - | 18.3 |
| Transportation equipment | 17.7 | - | - | 17.7 |
| Administrative equipment | 479.5 | 5.8 | - | 485.3 |
| Other tangible fixed assets | 5.9 | 0.6 | - | 6.5 |
| | 520.9 | 6.9 | - | 527.8 |
| Financial Investments | | | | |
| Stakes in group companies | - | - | - | - |
| Securities and other investments | 124.7 | - | - | 124.7 |
| Other loans granted | - | - | - | - |
| | 124.7 | - | - | 124.7 |



The reduction in the items that comprise tangible fixed assets basically corresponds to the sale of several parking spaces, causing a capital loss of 22 thousand Euros (see Note 46).

The activity in the Stakes in Group Companies item essentially results from (i) application of the equity method, which corresponded to a total increase of 1,061.3 thousand Euros.

The balance in the Other Loans Granted item corresponds to the value of Junior Notes underwritten within the scope of the establishment operation of balances receivable from clients made by several Inapa Group companies.

The Advances Due to Financial Investments item registers the values of advances made to Gestinapa – SGPS, SA to be used to underwrite future increases in capital in this Company.

NOTE 12 – CRITERIA FOR REASSESSMENT OF FIXED ASSETS

See Note 3 (ii)

NOTE 16 – INFORMATION ON GROUP COMPANIES AND AFFILIATES

On 30 June 2008 and 30 June 2007, the financial information on Group companies and affiliates was as follows:

| | 30 June 2008 | | | | | 30 June 2007 | | | |
|---|--------------|-----------|-----------|-------------|---------|--------------------|---------------|-----------|---------------|
| | Headquarters | Assets* | Equity* | Net Profit* | % share | Appropriate Profit | Balance value | % share | Balance value |
| Stakes in group companies | | | | | | | | | |
| a) Portuguese | | | | | | | | | |
| Inaveste - SGPS, SA | | - | - | - | - | 0,0 | - | 100,0% | 4.963,0 |
| Gestinapa - SGPS, SA Medialivros - Actividades | Lisbon | 182.188,4 | 122.790,7 | (828,2) | 100,0% | (624,7) | 102.828 | 100,0% | 102.828 |
| Editoriais, SA | Lisbon | - | - | (214,7) | 39,3% | (77,0) | 517 | 100,0% | - |
| | | | | | | (701,7) | 103.345 | | 107.791 |
| b) Foreign | | | | | | | | | |
| Inapa France, SA | France | 232.389,0 | 143.891,0 | (342,0) | 100,0% | (156,0) | 235.245 | 100,0% | 235.245 |
| Inapa Deutschland, GmbH | Germany | 150.998 | 68.598 | (2.615) | 47,0% | 1.004,0 | 72.000 | 47,0% | 72.000 |
| Inapa Switzerland | Switzerland | 24.134 | 17.775 | 1.073 | 32,5% | 663,0 | 5.123 | 0,0% | - |
| | | | | | | 1.511,0 | 312.368 | | 307.245 |
| Adjustment applying the equity method | | | | | | | | (196.939) | (210.223) |
| | | | | | | | 809,3 | 218.774 | 204.813 |

* Information related to Statutory Financial Statements

The appropriate profit was determined after regularization adjustments within the scope of the equity method.



NOTE 25 – BALANCES WITH PERSONNEL

The balances payable to Personnel amount to 211.6 thousand Euros. Of those, 153.6 thousand Euros are related to vacations, vacation subsidies and corresponding charges, which will be paid in 2009, and 58 thousand Euros are related to Christmas subsidies. The balances receivable amount to 3.3 thousand Euros.

NOTE 32 – RESPONSIBILITIES FOR GUARANTEES GIVEN

The Company gave several bank guarantees through several financial institutions worth a total of 139,757 thousand Euros, on behalf of (i) Inapa Distribución Iberica, SA (9.7 million Euros) and (ii) for the issuance of commercial papers (130 million Euros).

NOTE 36 - CAPITAL

On 30 June 2008 and 31 December 2007, capital was represented by 150,000,000 bearer shares at 1.00 Euro each, fully subscribed and paid up.

With the exception of Parpública - Participações Públicas (SGPS), SA which held 49,084,738 shares, corresponding, on 30 June 2008, to 32.72% of the capital and voting rights; Cofihold, SGPS, SA which held 8,457,062 shares, corresponding to 5.64% of the capital and voting rights; Banco Comercial Português with 10,315,846 shares, corresponding to 6.88% of the capital and voting rights, plus the yet to be ascribed, as per terms of the law, 553,566 shares of the Banco Millennium BCP Investimento, SA, representing 0.37% of the capital and voting rights and Banco Comercial Group Pension Fund which holds 16,521,635 shares, representing 11.01% of capital stock and voting rights. On 30 June 2008, there was no knowledge of other individual or legal entities who held or who were to be ascribed company shares that attributed voting rights equal to or greater than 2%.

On 30 June 2008, the company does not hold own shares, and during this semester there was no record of any trading of own shares.



NOTE 40 – ACTIVITY IN EQUITY ITEMS DURING THE FISCAL YEAR

During the period ended 30 June 2008, equity activity was as follows:

| | Beginning Balance | Period Activity | | End Balance |
|--|----------------------|--------------------------|-----------------------------|------------------|
| | | Increases/ reductions | Transfers/ distributions | |
| Capital | 150,000.0 | - | - | 150,000.0 |
| Share Premiums | 2,937.2 | - | - | 2,937.2 |
| Adjustments to stakes in group companies and affiliates | (253.0) | 252.0 | - | (1.0) |
| Legal reserves | 7,500.0 | - | - | 7,500.0 |
| Other reserves | 225.5 | - | - | 225.5 |
| Retained Earnings | - | (10,362.1) | - | (10,362.1) |
| Fiscal Year Net Profits | (10,362.1) | 473.1 | 10,362.1 | 473.1 |
| | <u>150,047.6</u> | <u>(9,637.0)</u> | <u>10,362.1</u> | <u>150,772.7</u> |

At the General Assembly held on 9 April 2008, the transfer of negative profits from the 2007 fiscal year, amounting 10,362,106.07 Euros, to retained earnings was approved; Commercial legislation states that at least 5% of annual net profits must be used to reinforce legal reserves until it represents at least 20% of capital. This reserve cannot be distributed unless the Company is liquidated, but it can be used to absorb losses after other reserves have been depleted, or incorporated into the capital.

NOTE 43 – REMUNERATIONS ATTRIBUTED TO MEMBERS OF GOVERNING BODIES

Remunerations attributed to the members of Inapa-IPG governing bodies during the 1st semester of 2008 and the 1st semester of 2007 were as follows:

| | <u>30-Jun-08</u> | <u>30-Jun-07</u> |
|-------------------------------------|------------------|------------------|
| Board of Directors | <u>258.2</u> | <u>514.8</u> |
| Audit Committee (until May/2007) | <u>0.0</u> | <u>30.5</u> |



NOTE 45 – FINANCIAL INCOME STATEMENT

The financial results for the semesters ended 30 June 2008 and on 30 June 2007 are analysed as follows:

| | Fiscal Years | | Income and gains | Fiscal Years | |
|-----------------------------------|--------------|------------|---------------------|--------------|-----------|
| | 30.6.2008 | 30.6.2007 | | 30.6.2008 | 30.6.2007 |
| Costs and losses | | | | | |
| Interest Payable | 5.359,5 | 5.354,6 | Interest received | 1.643,9 | 1.248,4 |
| Losses in affiliates | 1.370,0 | 5.433,7 | Gains in affiliates | 2.179,3 | - |
| Unfavourable exchange differences | 127,5 | 1.366,3 | | | |
| Other financial costs and losses | 1.351,9 | | | | |
| | 8.208,9 | 12.154,6 | | | |
| Financial results | (4.385,7) | (10.906,2) | | | |
| | 3.823,2 | 1.248,4 | | 3.823,2 | 1.248,4 |

The Gains and Losses in Affiliates items reflect the application of the equity method in the results.

NOTE 46 – EXTRAORDINARY INCOME STATEMENT

Extraordinary results for the semesters ended 30 June 2008 and on 30 June 2007 are analysed as follows:

| | Fiscal Years | | Income and gains | Fiscal Years | |
|---|--------------|-----------|---|--------------|-----------|
| | 30.6.2008 | 30.6.2007 | | 30.6.2008 | 30.6.2007 |
| Costs and losses | | | | | |
| Donations | 3,5 | 5,5 | Tax restitution | 6,5 | - |
| Losses in fixed assets | 22,0 | - | Gains in fixed assets (Note 10) | - | - |
| Fines and penalties | 0,1 | 225,7 | Corrections related to prior fiscal years | 52,9 | 0,5 |
| Corrections related to prior fiscal years | 34,6 | 96,0 | Other extraordinary income and gains | 571,9 | - |
| Other extraordinary costs and losses | 0,0 | | | | |
| | 60,2 | 327,2 | | | |
| Extraordinary Results | 571,1 | (326,7) | | | |
| | 631,3 | 0,5 | | 631,3 | 0,5 |



NOTE 48 – OTHER INFORMATION CONSIDERED RELEVANT TO IMPROVE THE UNDERSTANDING OF FINANCIAL POSITION AND RESULTS.

a) Government and Other Public Entities

On 30 June 2008 and on 30 June 2007, there was no past due debt with the government or other public entities. Balances with these entities were as follows:

| | Debtor balances | | Creditor balances | |
|----------------------|-----------------|-----------|-------------------|-----------|
| | 30.6.2008 | 30.6.2007 | 30.6.2008 | 30.6.2007 |
| Value Added Tax | 191.8 | 178.4 | - | - |
| Corporate Income Tax | 635.6 | 1,930.8 | 225.8 | 13.0 |
| Social Security | - | - | 64.8 | 76.3 |
| Retain Amounts | - | - | 62.4 | 105.0 |
| IRS | 827.4 | 2,109.2 | 353.0 | 194.3 |

b) Balances with group companies and affiliates

On 30 June 2008 and on 30 June 2007, balances with Group companies were as follows:

| Company | 30 June 2008 | | | | | | |
|-------------------------|-------------------|---------------|---------------|--------------|--------------|---------------------|---------------------|
| | Short term Assets | | | MLT Assets | | Liabilities | |
| | Group | Other debtors | | Shareholders | Bond loans | Other MLT creditors | |
| | Clients | Companies | | | | | |
| Gestinapa - SGPS, SA | - | 28.287,4 | - | 3.680,9 | - | - | |
| Inapa Portugal, SA | 57,8 | 81,0 | 25,6 | - | - | - | |
| Medialivros, SA | 3,4 | 178,5 | - | - | - | - | |
| Inapa France, SA | 299,2 | 12.024,1 | - | - | 36.750,0 | - | |
| Inapa Espanha, SA | 540,9 | 6,4 | - | - | - | - | |
| Inapa Deutschland, GmbH | 125,0 | 10,1 | - | 24.517,0 | - | - | |
| Papier Union | 313,7 | 0,1 | - | - | - | - | |
| Tavistock | 78,0 | - | - | - | - | - | |
| Inapa Italy | 81,8 | - | - | - | - | - | |
| Inapa Suisse | 317,7 | - | - | - | - | - | |
| Others | 73,5 | 36,5 | - | - | - | - | |
| | 1.891,0 | 40.624,3 | 25,6 | 28.197,9 | 36.750,0 | - | |
| | 30 June 2007 | | | | | | |
| | Short term Assets | | | MLT Assets | | Liabilities | |
| | Group | | Other debtors | | Shareholders | Bond loans | Other MLT Creditors |
| | Clients | Companies | | | | | |
| Inaveste - SGPS, SA | - | 278,7 | - | 8.050,0 | - | - | |
| Gestinapa - SGPS, SA | - | 11.161,0 | - | 3.680,9 | - | 95.416,5 | |
| Inapa Portugal, SA | 69,7 | - | - | 0,0 | - | - | |
| Medialivros, SA | - | 6,1 | - | - | - | - | |
| Inapa France, SA | 565,6 | 6.555,1 | - | - | 77.294,6 | - | |
| Inapa Espanha, SA | 382,8 | 117,5 | - | - | - | - | |
| Inapa Deutschland, GmbH | 1.382,7 | 6,3 | - | 34.000,0 | - | - | |
| Papier Union | 307,6 | 5,2 | - | - | - | - | |
| Tavistock | 77,1 | - | - | - | - | - | |
| Inapa Italy | 81,8 | - | - | - | - | - | |
| Inapa Suisse | 24,4 | - | - | - | - | - | |
| Others | 45,5 | 4,7 | - | - | - | - | |
| | 2.937,2 | 18.134,6 | | 45.730,9 | 77.294,6 | 95.416,5 | |



Balances payable and receivable with Gestinapa - SGPS, SA have no interest or fixed period for reimbursement. Balances receivable registered in Group Companies related to Inapa France, SA and Inapa Deutschland, GmbH have interest at current market rates.

c) Loans

Loan items on 30 June 2008 and on 30 June 2007 are analysed as follows:

| | 30.6.2008 | 30.6.2007 |
|--------------------------------|------------------|------------------|
| Mid and long term | | |
| Bond loans | 36.750,0 | 77.294,6 |
| Debts with credit institutions | 23.777,1 | - |
| | <u>60.527,1</u> | <u>77.294,6</u> |
| Short term | | |
| Bond loans | - | - |
| Debts with credit institutions | 140.259,1 | 133.592,9 |
| | <u>140.259,1</u> | <u>133.592,9</u> |
| | <u>200.786,2</u> | <u>210.887,5</u> |

Bond loans correspond to an issue of bonds made by Inapa - IPG with full reimbursement in June 2013, with interest at the 12-month Euribor rate, plus a spread.

The Short Term Debts with Credit Institutions item includes 124,000 thousand Euros corresponding to the issuance of commercial papers through six financial institutions, reimbursable at nominal value, for a 1-year period, renewable in a 5-year period. The remaining balance of this item corresponds to bank overdrafts.

Debt with credit institutions is charged interest at current market rates.

d) Other debtors and creditors – mid and long term

Other Mid and Long Term Debtors correspond to 16.7 million Euros credit owed by Fimopriv H, SA, resulting from the acquisition of shares of this company which were owned by Inapa – IPG. Inapa - IPG may, in the future, mobilize this credit to acquire Fimopriv H, SA's shares in Papier Union, GmbH capital.

Other Mid and Long Term Creditors include a debt of 2,610 concerning the acquisition of the remainder part of Inapa Suisse capital, which was still not owned



e) Statement of cash flows

On 30 June 2008 and on 31 December 2007, cash and similar items are detailed as follows:

| | <u>30.6.2008</u> | <u>31.12.2007</u> |
|-----------------|-------------------|-------------------|
| Cash | 4,5 | 81,9 |
| Bank deposits | 76,5 | 80.094,2 |
| Bank overdrafts | (16.259,1) | (15.616,3) |
| | <u>(16.178,1)</u> | <u>64.559,8</u> |

As referred to in Note 3 (ix), the Cash and Similar item includes bank overdrafts and excludes the 124,000 thousand Euros related to the issuance of commercial papers.

f) Supplementary income

On 30 June 2008, the Supplementary Income item basically corresponds to income obtained by the Company through the intervention in negotiation processes involving the Inapa Group. Of this amount, 3,418.1 thousand Euros are entered into Accrued Income.

NOTE 49 – INFORMATION BY SEGMENT

In compliance with what is stipulated in Accounting Guideline no. 27, the Company will complement the existing financial information by activity segment. This information was prepared by the Company, in consolidated terms, by the business segments associated with paper distribution and segments related to packaging, factoring and visual communication activities. However, by virtue of the specificity of this company's object in terms of individual accounts (see Introduction), the attached Balance and Income Statements are characterized by their presentation as a single business segment, namely as a service provider for Group companies.

NOTE 50 - CONTINGENCIES

Contingent liabilities

1. On 25 July 2005, the Comissão do Mercado de Valores Mobiliários – CMVM (Securities and Exchange Commission) notified the company of a lawsuit that had been filed against it for the alleged violation of art. 7 of the CMVM in the disclosure of its reports and accounts on the 2002 and 2003 fiscal years and on the first semester of 2003. This lawsuit includes a 300,000 Euros fine. The Company appealed to the Court against the position maintained by the CMVM and is waiting for court ruling. It believes that said lawsuit will not result in any financial impact, as such, no provisions have been made.



2. On 1 August 2007, Papelaria Fernandes - Indústria e Comércio, SA filed a lawsuit against Inapa - Investimentos, Participações e Gestão, SA and its subsidiaries Inaprest - Prestação de Serviços, Participações e Gestão, SA (extinct company) and Inapa Portugal - Distribuição de Papel, SA in which it requires, in short:

- the annulment of the following acts:
 - The constitution, in June 2006, of a commercial pledge as collateral for the comfort letters issued by Inapa - Investimentos, Participações e Gestão, SA as a guarantee for loans maintained by the company with Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
 - of the business carried out in 1991 that concentrated paper distribution activities at SDP (current Inapa Portugal) and envelope production and commercialization activities at Papelaria Fernandes;
 - of the acquisition, in 1994, of Papelaria Fernandes' share in SDP (current Inapa Portugal);
 - of the credit carry-back carried out, also in 1994, between Papelaria Fernandes and Inaprest.
- Inapa's sentence:
 - maintain the comfort letters issued on behalf of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
 - indemnify Papelaria Fernandes in case of eventual mobilization of commercial pledge as collateral for comfort letters.

Papelaria Fernandes - Indústria e Comércio, SA later regulated its responsibilities regarding Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo whereby:

- the comfort letters issued by Inapa - IPG ceased being an object and were returned by the respective beneficiaries;
- this company subsequently communicated to Papelaria Fernandes - Indústria e Comércio, SA verification of the commercial pledge's resolute condition in its favour.



The 24,460 thousand Euros lawsuit was contested by Inapa - IPG and its subsidiary Inapa Portugal - Distribuição de Papel, SA, and it is currently waiting for the Court to determine the effects of the lawsuit in the dissolution/liquidation of Inaprest - Prestação de Serviços, Participações e Gestão, SA. The Inapa Group believes the referred to lawsuit will not result in significant charges and, as such, no provision has been made.

NOTE 51 – SUBSEQUENT EVENTS

After 30 June 2008, the following events were verified:

a) On 16 July 2008, it was communicated by Albano R.N. Alves - Distribuição de Papel, SA that it held 3,083,851 shares of Inapa IPG, SA capital stock, representing 2.06%, attributed as follows:

- Albano R.N. Alves - Distribuição de Papel, SA.....50 000 shares
- Jorge Augusto Martins Fazendeiro.....3 033 851 shares

It was also communicated that the Albano R.N. Alves - Distribuição de Papel, SA shareholder structure was as follows:

- Amplivértice - Consultoria e Gestão, Unipessoal, Lda (only partner Jorge Augusto Martins Fazendeiro) 54.4%
- Albano Retério Neves Alves SGPS, SA..... 45.6%

b) On 30 July 2008, one of the Group's foreign companies sold to third parties the property it owned, which was registered as being worth about 1 million Euros.

Information referred to in art. 447 of the Commercial Code.

Shares held by members of the Board of Directors and Supervisory Board on 30 June 2008.



Board of Directors

| | Number | Voting Rights |
|---|-----------|---------------|
| Vasco Luís Schulthess de Quevedo Pessanha (*) | 2 000 000 | 1,33% |
| José Manuel Felix Morgado | 563 631 | 0,38% |
| Jorge Armindo de Carvalho Teixeira | 0 | 0% |
| Arndt Jost Michael Klippgen | 0 | 0% |
| Pedro Maria Cabral Norton de Matos | 0 | 0% |
| Abílio Ramos Marques | 0 | 0% |
| Emídio Jesus Maria | 0 | 0% |
| Paulo Jorge dos Santos Fernandes (**) | 8 457 062 | 5,64% |

Note (*) – Participation in own name (1,000,000 shares)

Shares attributable to the administrator by force of item d) of no. 2, art. 447 of the CSC:

Sagritávora - Sociedade Agro-Pecuária da Quinta do Távora, SA (500,000 shares);

Sociedade Agrícola da Quinta dos Buxeiros, Lda (500,000 shares).

Note (**) – Shares held by Cofihold - SGPS, SA attributable to the administrator by force of item d) of no. 2, art. 447 of the CSC:

Statutory Auditor

| | Number | Voting Rights |
|---|--------|---------------|
| Price Waterhouse Coopers & Associados, SROS, Lda, represented by: | 0 | 0 |
| Ricardo Filipe de Frias Pinheiro, ROC full | 0 | 0 |
| José Manuel Henriques Bernardo, ROC Alternate | 0 | 0 |



Acquisitions, charges or cessions of ownership of shares issued by Inapa - Investimentos, Participações e Gestão, SA between 1 January 2008 and 30 June 2008.

Vasco Luís Schulthess de Quevedo Pessanha

| Date | Nº of shares | Price | Means |
|------------|-----------------------|--------|--------------------------|
| 21.02.2008 | 1 000 000 (own) | € 1.00 | Traded out of the Market |
| 21.02.2008 | 500 000 (Sagritávora) | € 1.00 | Traded out of the Market |
| 21.02.2008 | 500 000 (Buxeiros) | € 1.00 | Traded out of the Market |

José Manuel Felix Morgado

| Date | Nº of shares | Price | Means |
|------------|--------------|--------|-----------------------|
| 04.01.2008 | 112 910 | € 0.90 | Traded out the Market |

Information referred to in art. 448 of the Commercial Code and art. 16 of the CVM

Shareholders with qualified stakes on 30 June 2008

| | N ° of shares | Voting Rights |
|---|---------------|---------------|
| Parública - Participações Públicas, SGPS, SA | 49 084 738 | 32.72% |
| Banco Comercial Português, SA: - own | 10 315 846 | 6.88% |
| Millennium BCP Investimento | 553 566 | 0.37% |
| BCP Pension Funds | 16 521 635 | 11.01% |
| Total | 27 391 047 | 18.26% |
| Cofihold - SGPS, SA | 8 457 062 | 5.64% |



III - Consolidated Financial Statements



CONSOLIDATED BALANCE SHEET ON 30 JUNE 2008
(Around expressed in thousands of Euros)

| ASSETS | Notes | 30 June 2008 | 31 December 2007 |
|--|--------------|---------------------|-------------------------|
| Non-Current Assets | | | |
| Tangible fixed assets | | 107.083 | 109.995 |
| Goodwill | | 135.807 | 131.127 |
| Other Intangible Assets | | 106.566 | 106.792 |
| Stakes in affiliated companies | 8 | 1.416 | 2.077 |
| Financial investments available for sale | 7 | 13.682 | 13.421 |
| Other non-current assets | | 18.187 | 18.046 |
| Deferred tax assets | 13 | 26.691 | 25.982 |
| Total non-current assets | | 409.431 | 407.440 |
| Current assets | | | |
| Inventory | | 76.422 | 78.797 |
| Clients | 12 | 230.122 | 222.487 |
| Taxes to recoup | | 7.217 | 11.498 |
| Other current assets | | 32.019 | 38.988 |
| Cash and cash equivalents | 10 | 6.251 | 91.449 |
| Total current assets | | 352.32 | 443.219 |
| Assets from discontinued operations | | 4.990 | 2.218 |
| Total Assets | | 763.681 | 855.649 |
| EQUITY | | | |
| Capital stock | | 150.000 | 150.000 |
| Own shares | 11 | - | - |
| Share issuance premiums | | 2.937 | 2.937 |
| Reserves | | 40.567 | 40.220 |
| Retained earnings | | - 46.450 | - 35.992 |
| Fiscal year net profits | | 1.019 | - 10.362 |
| Minority interests | | 148.073 | 146.803 |
| Total Equity | | 148.121 | 149.101 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Loans | 1 | 107.902 | 80.292 |
| Financing associated with financial assets | 2 | 134.966 | 133.040 |
| Deferred tax liabilities | 1 | 21.818 | 21.080 |
| Benefits granted to employees | | 2.989 | 2.833 |
| Provisions | | 711 | 776 |
| Other non-current liabilities | | 16.267 | 16.736 |
| Total non-current liabilities | | 284.653 | 254.757 |
| Current liabilities | | | |
| Loans | 12 | 215.566 | 326.525 |
| Suppliers | | 76.614 | 73.283 |
| Taxes payable | | 12.878 | 13.388 |
| Other current liabilities | | 24.038 | 35.973 |
| Total current liabilities | | 329.097 | 449.169 |
| Liabilities from discontinued operations | | 830 | 3.602 |
| Total equity and liabilities | | 763.681 | 855.649 |



STATEMENT OF CONSOLIDATED RESULTS IN THE SEMESTER ENDED 30 JUNE 2008

(Amounts expressed in thousands of Euros)

| | Notes | 30 June 2008 | 30 June 2007 |
|---|-------|----------------|----------------|
| Tons | | 500.618 | 531.438 |
| Sales and Service rendering | 3 | 534.846 | 544.736 |
| Other earnings | 5 | 16.048 | 16.305 |
| Total Earnings | | 550.894 | 561.041 |
| Cost of sales | | -447.240 | -456.002 |
| Changes in inventories | | - | - |
| Personnel Costs | | -38.636 | -40.703 |
| Other Costs | 5 | -44.273 | -47.834 |
| | | 20.745 | 16.501 |
| Depreciations and amortizations | | -3.387 | -3.399 |
| Impairity of non-current assets | | - | - |
| Gains / (Losses) in affiliates | | -96 | -14 |
| Financial function | 6 | -15.586 | -17.457 |
| Profit before taxes and discontinued operations | | 1.676 | -4.369 |
| Income tax | 13 | -555 | -1.895 |
| Fiscal year net profits before discontinued operations | | 1.121 | -6.264 |
| Fiscal year net profits from discontinued operations | | - | - |
| Fiscal year net profits | | 1.121 | -6.264 |
| Attributable to: | | | |
| Holders of parent company capital | | 1.019 | -6.600 |
| Minority interests | | 102 | 336 |
| Results from continued operations - Euros | | | |
| Basic | | 0,007 | -0,243 |
| Diluted | | 0,007 | -0,243 |

To be read together with the notes to the attached consolidated financial statements.



STATEMENT OF CONSOLIDATED RESULTS IN THE SEMESTER ENDED 30 JUNE 2008

(Amounts expressed in thousands of Euros)

(Full consolidation method)

(Not audited)

| | 1st Quarter | 2nd Quarter | 30 JUNE 2008 |
|---|----------------|----------------|----------------|
| Tons | 261.243 | 239.375 | 500.618 |
| Sales and Service rendering | 273.689 | 261.157 | 534.84 |
| Other earnings | 8.769 | 7.279 | 6 |
| Total Earnings | 282.458 | 268.436 | 16.04 |
| Cost of sales | -230.100 | -217.140 | 8 |
| Changes in inventories | - | - | 550.894 |
| Personnel costs | -19.306 | -19.329 | -447.240 |
| Other Costs | -21.736 | -22.537 | - |
| EBITDA | 11.316 | 9.430 | -38.636 |
| Depreciations and amortizations | -1.642 | -1.745 | -44.273 |
| Impairity of non-current assets | - | - | 20.745 |
| Gains / (Losses) in affiliates | -38 | -58 | -3.387 |
| Financial function | -7.897 | -7.689 | - |
| Profit before taxes and discontinued operations | 1.738 | -62 | -96 |
| Income tax | -654 | 99 | -15.586 |
| | | | 1.676 |
| | | | -555 |
| Fiscal year net profits before discontinued operations | 1.084 | 37 | 1.121 |
| Fiscal year net profits from discontinued operations | 0 | 0 | 0 |
| NET PROFITS FOR THE PERIOD | 1.084 | 37 | 1.121 |
| Attributable to: | | | |
| Holders of parent company capital | 984 | 35 | 1.019 |
| Minority interest | 100 | 2 | 102 |
| Profits from continued operations - Euros | | | |
| Basic | 0,007 | 0,000 | 0,007 |
| Diluted | 0,007 | 0,000 | 0,007 |

To be read together with the notes to the attached consolidated financial statements.



STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE SEMESTER ENDED 30 JUNE 2008

(Amounts expressed in thousands of Euros)

| Notes | 30 JUNE 2008 | 30 JUNE 2007 |
|--|-----------------|-----------------|
| Cash flows from operating income | | |
| Receipts from Customers | 557.355 | 612.875 |
| Payments to suppliers | (469.872) | (519.220) |
| Payments to personnel | (43.534) | () |
| Flows generated by operations | 43.949 | (40.118) |
| Tax payments on earnings | (636) | 53.537 |
| Tax receipts on earnings | 1.065 | (5.990) |
| Other receipts related to operating activity | 46.057 | 16 |
| Other payments related to operating activity | (71.320) | 46.200 |
| Cash flows from operating income | 19.114 | (40.756) |
| | | 53.007 |
| Cash flows from investing activities | | |
| Receipts from: | | |
| Financial Investments | 1.741 | |
| Tangible fixed assets | 258 | 4.551 |
| Interest and equivalent income | 3.741 | 114 |
| Advances for third-party expenses | 0 | 1.312 |
| | 5.739 | 0 |
| Payments related to: | | 5.977 |
| Financial Investments | (5.379) | |
| Tangible fixed assets | (1.937) | (788) |
| Intangible Fixed Assets | (497) | (706) |
| Loans granted | 0 | (200) |
| Advances for third-party expenses | 0 | (342) |
| | (7.814) | (314) |
| Cash flows from investing activities | (2.075) | 3.626 |
| Cash flows from financing activities | | |
| Receipts from: | | |
| Loans obtained | 60.063 | 95.864 |
| Treasury investments | 0 | 273 |
| | 60.063 | 96.137 |
| Payments related to: | | |
| Loans obtained | (130.289) | (80.176) |
| Amortization of financial leasing contracts | (1.054)(18.001) | (596) |
| Interest and Equivalent Costs | 0 | (16.136)0 |
| Dividends | 0 | (1) |
| Treasury investments | | |
| | (149.344) | (96.909) |
| Cash flows from financing activities | (89.281) | (772) |
| Cash variations and equivalents | (72.241) | 55.861 |
| Effect of exchange differences | 2 | () |
| | (72.238) | 55.859 |
| Cash and equivalents at beginning of period | (7.076) | (167.817) |
| Cash and equivalents at end of period | (79.315) | (111.958) |
| | 10 | |
| | (72.238) | 55.859 |

To be read together with the notes to the attached consolidated financial statements.



STATEMENT OF ALTERATIONS IN CONSOLIDATED EQUITY FOR THE SEMESTERS ENDED 30 JUNE 2008 AND 2007

| | Attributable to holders of equity of the Group | | | | | Minority interests | Equity Total | |
|---|--|---------------|----------------|---------------------------------|---------------------------|--------------------|--------------|----------------|
| | Capital | Own Shares | Premium share | Adjustments exchange conversion | Reserves and held results | | | Total |
| BALANCE ON 1 JANUARY 2007 | 150.000 | -15.756 | 14.964 | 308 | -111.842 | 37.674 | 7.641 | 45.315 |
| Investments available for sale | | | | | 0 | 0 | | 0 |
| Exchange difference in the transposition of foreign operational units | | | | -248 | | -248 | | -248 |
| Dividend distribution | | | | | 0 | 0 | -133 | -133 |
| Variation in own shares | | 15.756 | | | -15.756 | 0 | | 0 |
| Other corrections in affiliate company equity | | | | | | 0 | -27 | -27 |
| Changes in the consolidation perimeter | | | | | -17 | -17 | -200 | -217 |
| Changes in capital | | | | | 134.790 | 0 | | 0 |
| | -122.763 | | -12.027 | | 119017 | -265 | -360 | -625 |
| | -122.763 | 15.756 | -12.027 | -248 | 112.417 | -6.600 | 336 | -6.264 |
| Net profits for the period | | | | | -6.600 | -6.600 | | |
| | -122.763 | 15.756 | -12.027 | -248 | 112.417 | -6.865 | -24 | -6.889 |
| BALANCE ON 30 JUNE 2007 | 27.237 | 0 | 2.937 | 60 | 575 | 30.809 | 7.617 | 38.426 |
| BALANCE ON 1 JANUARY 2008 | 150.000 | 0 | 2.937 | -262 | -5.872 | 146.803 | 1.318 | 148.121 |
| Exchange difference in the transposition of foreign operational units | | | | 345 | | 345 | | 345 |
| Dividend distribution | | | | 0 | | 0 | -102 | -102 |
| Variation in own shares | | 0 | | | 0 | 0 | | 0 |
| Other corrections in affiliate company equity | | | | | -9 | -9 | 0 | -9 |
| Changes in the consolidation perimeter | | | | | -85 | -85 | -289 | -374 |
| Changes in capital | 0 | 0 | 0 | | 0 | 0 | | 0 |
| | 0 | 0 | 0 | 345 | -94 | 251 | -391 | -140 |
| Net profits for the period | | | | | 1.019 | 1.019 | 102 | 1.121 |
| | 0 | 0 | 0 | 345 | 925 | 1.270 | -289 | 981 |
| BALANCE ON 30 JUNE 2008 | 150.000 | 0 | 2.937 | 83 | -4.947 | 148.073 | 1.029 | 149.102 |

To be read together with the notes to the attached consolidated financial statements.



ABRIDGED APPENDIX TO CONSOLIDATED FINANCIAL STATEMENTS ENDED 30 JUNE 2008

(Amounts expressed in thousands of Euros, except when otherwise stated)

1. INTRODUCTION

Inapa - Investimentos, Participações e Gestão, SA (Inapa - IPG) is the main company in the Inapa Group. Its purpose is to own and manage real state and personal property, participating in the capital of other companies, exploring its own or third-party commercial and industrial establishments and providing assistance to companies in whose capital it participates. Inapa - IPG is listed in Euronext Lisbon.

Head Offices: Rua do Salitre 142, 1269-064 Lisbon, Portugal
Capital: 150,000,000 Euros
N.I.P.C.: 500 137 994

The Group's Portuguese companies are dedicated to the paper distribution activity in Portugal (Inapa Portugal - Distribuição de Papel, S.A.). The Group is part of a sub-holding (Gestinapa - SGPS, S.A.), which is responsible for Distribution. During the 2nd semester of 2007, the Company liquidated a subsidiary in the diversification area (Inaveste - Sociedade de Gestão de Participações Sociais, S.A.) and its assets and liabilities were incorporated in the parent company. Furthermore, in this semester of 2008, Inapa Portugal - Distribuição de Papel, S.A. sold its participation in the Azores subsidiary, Papéis Carreira Açores,Lda.

In compliance with its development and internationalization project, the Inapa Group holds participations, essentially in the paper distribution area, in several European countries, namely (i) Inapa France and subsidiaries, operating in France and Belux, (ii) Inapa España Distribución Ibérica, SA, operating in Spain (Andaluzia), and participation in Surpapel, SL (a company that carries out its paper commercialization activity), (iii) Inapa Deutschland, GmbH with headquarters in Germany, with participations in Papier Union, GmbH, which, in turn, owns the capital of Inapa Packaging, GmbH, Inapa VisualCom GmbH and PMF- Factoring, GmbH, also with headquarters in that country, Inapa Switzerland and (iv) in two companies located in the United Kingdom - Inapa Merchants Holding, Ltd, which has financial participation in Tavistock Paper Sales, Ltd., a company essentially dedicated to paper distribution for envelope manufacturing. In turn, the Inapa Packaging, GmbH subsidiary has two material commercialization companies for packaging, Hennesen & Potthoff, GmbH and HTL - Verpackung, GmbH, respectively. Additionally, in the 2nd quarter of 2008, Inapa VisualCom, GmbH acquired all capital stock of Complott, GmbH.



These consolidated financial statements were approved by the Inapa IPG Board of Directors on 29 July 2008.

2. ACCOUNTING POLICIES

Inapa Group's consolidated financial statements are prepared in the presupposition of the continuity of operations from the accounting books and records for the companies that constitute this Group. On the other hand, the interposed consolidated financial statements for the semester ended 30 June 2008 were prepared according to IAS 34 - Interposed Financial Report and have condensed notes that should be read together with the annual consolidated financial statements related to the fiscal year ended 31 December 2007.

Inapa Group's consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the previous Standing Interpretations Committee (SIC), as adopted by the European Union.

The interim financial statements for the semester ended 30 June 2008 were prepared according to the same accounting principles and policies adopted by the Inapa Group in the elaboration of consolidated financial statements related to the fiscal year ended on 31 December 2007, which are described in the appendix included in those financial statements. Thus, and in compliance with IAS 34, these interim consolidated financial statements do not show information found in the consolidated financial statements for the fiscal year ended 31 December 2007, because they did not undergo any change or because they are not materially significant for the understanding of these interim consolidated financial statements.

During the first semester of 2008, IFRIC 11 went into effect – Intra-group transactions and own actions as a result of publication by the IASB and IFRIC and their adoption by the European Union. The fact that it went into effect did not have any materially significant impact on the Group's financial statements.

New standards, amendments and interpretations made to existing standards were published by the IASB and IFRIC. Their application is not yet mandatory for the periods beginning 1 January 2007, since they had not been approved by the European Union and, in some cases, because their application date is for fiscal years beginning 1 July 2008 or later. These standards are either not significant within the context of these financial statements or the Inapa Group opted not to adopt them beforehand:

- IFRS 1 (amendment) – Adopted for the first time by the IFRS (to be applied starting 1 January 2009)
- IFRS 2 (amendment) – Payments based on shares (to be applied starting 1 January 2009)



- IFRS 3 (revision) – Concentration of activities (to be applied starting 1 July 2009)
- IFRS 8 – Operational Segments (to be applied starting 1 January 2009)
- IAS 1 (revision) – Presentation of financial statements (to be applied starting 1 January 2009)
- IAS 23 (revision) – Financing costs (to be applied starting 1 January 2009)
- IAS 27 (revision) – Separate and consolidated financial statements (to be applied starting 1 July 2009)
- IAS 32 (amendment) – Financial instruments: presentation (to be applied starting 1 January 2009)
- IFRIC 12 – Concession contracts (to be applied starting 1 January 2008)
- IFRIC 13 – Client retention programs (to be applied starting 1 July 2008)
- IFRIC 14 – The limit of assets linked to defined benefit plans, minimum financing requirements and their interaction (to be applied starting 1 January 2008)
- IFRIC 15 - Contracts for real estate construction (to be applied starting 1 January 2009)
- IFRIC 16 – Hedging for investments in foreign operations (to be applied starting 1 October 2008)

Additionally, in the first semester of 2008, improvements to several standards were introduced, resulting in the elimination of identified inconsistencies and the harmonization of terminology used. Most of these improvements are for application in fiscal years that begin on or after 1 January 2009. However, they have yet to be approved by the European Union.

3. SALES AND SERVICE RENDERING

Sales and rendering of services carried out in the semesters ended 30 June 2008 and 2007 are distributed as follows:

| | 30 June 2008 | 30 June 2007 |
|------------------------|-----------------------|-----------------------|
| Domestic Market | | |
| Sales of Goods | 32.617 | 33.537 |
| Service rendering | 799 | 787 |
| | <u>33.416</u> | <u>34.324</u> |
| Foreign market | | |
| Sales of Goods | 498.371 | 508.155 |
| Service rendering | 3.059 | 2.257 |
| | <u>501.430</u> | <u>510.412</u> |
| | <u>534.846</u> | <u>544.736</u> |

4. REPORT BY BUSINESS SEGMENT

The presentation of information by segments is carried out according to the identified business segments, namely, the paper distribution activity, the packaging activity, the factoring activity and the visual communication activity. These latter businesses are gathered in the Other Businesses item. In Other Activities the amounts concerning holdings not attributed to the identified businesses are entered.



Each segment's results correspond to those that are directly attributable to them or those that can be reasonably attributed to them. Inter-segment transfers are carried out at market prices and are not materially significant.

On 30 June 2008 and 2007, the financial information by business segments is analysed as follows:

| | 30 June 2008 | | | | 30 June 2007 | | | | | |
|---|----------------|------------------|------------------|----------------------|----------------|----------------|------------------|------------------|----------------------|----------------|
| | Distribution | Other Businesses | Other Activities | Elimin. of consolid. | Consolidated | Distribution | Other Businesses | Other Activities | Elimin. of Consolid. | Consolidated |
| GAINS | | | | | | | | | | |
| Foreign sales | 514.882 | 16.107 | - | - | 530.989 | 532.324 | 9.369 | 0 | - | 541.693 |
| Inter-Segment Sales | 68 | 828 | - | -896 | - | 4 | - | - | -4 | - |
| Other Gains | 2.456 | 609 | 792 | - | 3.857 | 1.721 | 603 | 719 | - | 3.043 |
| Total Gains | 517.406 | 17.544 | 792 | -896 | 534.846 | 534.049 | 9.972 | 719 | -4 | 544.736 |
| PROFITS | | | | | | | | | | |
| Segment Profits | 14.905 | 1.329 | 1.558 | -435 | 17.357 | 13.972 | 95 | -606 | -1.219 | 13.102 |
| Operating Profit | | | | | 17.357 | | 5 | | | 13.102 |
| Interest expense | -9.867 | -471 | -7.412 | 363 | -17.387 | -12.982 | 0 | -6.196 | 970 | -18.208 |
| Interest income | 2.985 | 7 | 2.281 | -3.471 | 1.802 | 752 | 12 | 457 | -470 | 751 |
| Taxes on Profits | -190 | -323 | -3 | - | -555 | -1.219 | -291 | 0 | - | -1.895 |
| Profits from ordinary activities | | | | | 1.217 | | | | | -6.250 |
| Gains / (Losses) in affiliates | | | | | -96 | | | | | -14 |
| Operating and discontinued profit | | | | | 0 | | | | | - |
| Net consolidated profit | | | | | 1.121 | | | | | -6.264 |
| Attributable: | | | | | | | | | | |
| Capital holders | | | | | 1.019 | | | | | -6.600 |
| Minority interests | | | | | 102 | | | | | 336 |

On 30 June 2008 and 2007, the distribution business sales made in different countries where the Group has activities are analysed as follows:

| | Sales | |
|---------|----------------|----------------|
| | 30 June 2008 | 30 June 2007 |
| Germany | | |
| France | 267.513 | 279.992 |
| Others | 128.452 | 124.591 |
| | 118.917 | 127.741 |
| | 514.882 | 532.324 |



5. OTHER EARNINGS AND OTHER COSTS

Other Earnings and Other Costs for the semesters ended 30 June 2008 and 2007 can be analysed as follows:

| | 30 June 2008 | 30 June 2007 |
|---|--------------|--------------|
| Other earnings | | |
| Supplementary income | 4.603 | 4.931 |
| Net cash payment discounts | 5.347 | 5.172 |
| Other earnings | 6.098 | 6.202 |
| | 16.048 | 16.305 |
| Other Costs | | |
| Administrative expenses (<i>Supplies and services</i>) | -40.285 | -40.281 |
| Taxes | -1.430 | -1.570 |
| Provisions / imparity of accounts receivable and inventories | -1.633 | -3.935 |
| Other current costs | -925 | -2.048 |
| | -44.273 | -47.834 |

6. FINANCIAL FUNCTION

Financial function results for the semesters ended 30 June 2008 and 2007 have the following composition:

| | 30 June 2008 | 30 June 2007 |
|-----------------------------------|----------------|----------------|
| Financial Income | | |
| Interest received | 1.084 | 473 |
| Earnings from capital stakes | 0 | 142 |
| Other financial income and gains | 717 | 136 |
| | 1.801 | 751 |
| Financial Costs | | |
| Interest Payable | -10.887 | -12.892 |
| Unfavourable exchange differences | -130 | 0 |
| Other financial costs and losses | -6.370 | -5.316 |
| | -17.387 | -18.208 |
| Financial function | -15.586 | -17.457 |

The Other Financial Income and Gains item includes, among others, the capital gains obtained from the selling of Papéis Carreira Açores, Lda.



7. FINANCIAL INVESTMENTS AVAILABLE FOR SALE

On 30 June 2008 and on 31 December 2007, the Financial Investments Available for Sale item had the following composition:

| | 30 June 2008 | 31 December 2007 |
|----------------------------------|---------------|------------------|
| BANIF –units in investment funds | 5.764 | 5.502 |
| Global Vida | - | - |
| Solução | 200 | 200 |
| Others | 7.718 | 7.719 |
| | 13.682 | 13.421 |

The activity during the semester ended 30 June 2008 and in the 2007 fiscal year in the Financial Investments Available for Sale item was as follows:

| | |
|---|---------------|
| Balance on 1 January 2007 | 19.285 |
| Acquisitions | 3 |
| Sales | -5.867 |
| Variation of fair value | - |
| Ending balance on 31 December 2007 | 13.421 |
| Acquisitions | - |
| Sales | - |
| Variation of fair value | 261 |
| Ending balance on 30 June 2008 | 13.682 |



8. COMPANIES INCLUDED IN THE CONSOLIDATION

The subsidiaries included in the consolidation on 30 June 2008, by the application of the full consolidation method, are as follows:

| Name | Head Offices | % Share of Group | Activity | Direct controller | Constitution date | Incorporation date |
|-----------------------------------|--|------------------|--------------------|-------------------------|-------------------|--------------------|
| Gestinapa - SGPS, SA | Rua do Salitre, 142, 1269 – 064 Lisbon | 100,00 | SGPS | Inapa - IPG, SA | May 1992 | June 1992 |
| Inapa-Portugal, SA | Vale Flores S. Pedro de Penaferrim 2710 Sintra | 99,75 | Paper distribution | Gestinapa SGPS,SA | June 1919 | 1988 |
| Inapa Distribución Ibérica, SA | c/ Delco Polígono Industrial Ciudad del Automóvil 28914Leganés, Madrid | 100,00 | Paper distribution | Gestinapa - SGPS, SA | - | December 1998 |
| Inapa France, SA | 91813 Corbeil Essones Cedex France | 100,00 | Paper distribution | Inapa - IPG, SA | - | May 1998 |
| Logistipack - Carton Service, SA | 14, Impasse aux Moines 91410 Dourdan France | 100,00 | Packaging | Inapa France, SA | - | January 2008 |
| Inapa Belgique | Vaucampsplan, 30 1654 Huizingen Belgium | 99,94 | Paper distribution | Inapa France, SA | - | May 1998 |
| Inapa Luxemburg | 211, Rue des Romains. L. 8005 Bertrange Luxembourg | 97,75 | Paper distribution | Inapa Belgique | - | May 1998 |
| Inapa Deutschland, GmbH | Warburgstraß, 28 20354 Hamburg, Germany | 100,00 | Holding | Gestinapa-SGPS, SA | - | April 2000 |
| Papier Union, GmbH | Warburgstraße, 28 20354 Hamburg, Germany | 94,90 | Paper distribution | Inapa Deutschland, GmbH | - | April 2000 |
| PMF- Print Medien Factoring, GmbH | Warburgstraß, 28 20354 Hamburg, Germany | 94,90 | Factoring | Papier Union, GmbH | - | September 2005 |
| Inapa Packaging, GmbH | Warburgstraß, 28 20354 Hamburg, Germany | 94,90 | Holding | Papier Union, GmbH | 2005 | 2006 |
| HTL Verpackung, GmbH | Werner-von-Siemens Strasse 4-6 21629 Neu Wulmstorf Germany | 94,90 | Packaging | Inapa Packaging, GmbH | - | January 2006 |
| Hennessen & Potthoff, GmbH | Tempelsweg 22 47 918 Tonisvorst Germany | 94,90 | Packaging | InapaPackaging, GmbH | - | January 2006 |
| Inapa VisCom, GmbH | Warburgstraß, 28 20354 Hamburg, Germany | 100,00 | Holding | Papier Union, GmbH | - | January 2008 |



| Name | Head Offices | Share of Group | Activity | Direct controller | Constitution date | Incorporation date |
|--------------------------------|--|----------------|----------------------|--|-------------------|--------------------|
| Complott Union, GmbH | Papier Industriestrasse 27 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 distribution | Inapa-Merchants Holding, Ltd | - | February 1998 |
| Inapa Suisse | Althardstrasse 301 8105 Regensdorf Switzerland | 100,00 | Paper distribution | Inapa - IPG, SA and Papier Union, GmbH | - | May 1998 |
| Inapa Italia SpA | Strada Statale Padana Superiore 315/317 I-20090 Vimodrone Milan, Italy | 100,00 | | Inapa France, SA | - | 1998 |

All balances and transactions with subsidiaries were annulled in the consolidation process.

The following companies were included in the consolidated financial statements using the equity method, in the Stakes in Affiliates item:

| Affiliated companies | Company holding share | % participation |
|--|--|-----------------|
| Surpapel, SL | Inapa España Distribución Ibérica, S.A | 25,00 |
| Medialivros - Actividades Editoriais, SA | Inapa- IPG, S.A | 39,32 |
| Mafipa Netherland B. V. (Megapapier) | Inapa France, S.A | 100,00 |
| Inapa Logistics | Papier Union, GmbH | 100,00 |
| Inapa Vertriebsgesellschaft, GmbH | Papier Union GmbH | 100,00 |

9. COMPANIES EXCLUDED FROM THE CONSOLIDATION

The shares shown below were not included in the consolidation process using the full consolidation method. The effect of its non-integration is not materially significant. Megapapier was not consolidated by the full consolidation method since it is the Group's intention to liquidate it, as such it has been given a null value.



| Company | Company headquarters | Direct controller | % participation | |
|---------------------------------------|--|--------------------|-----------------|--|
| Mafipa Netherland BV (Megapapier) | PO Box 1097 3430 BB Nieuwegein Holland | Inapa France, SA | 100% | |
| Inapa Logistics | csWarburgstasse,28 20354 Hamburg Germany | Papier Union, GmbH | 100% | |
| Inapa Vertriebsgesellschaft GrrtiH | Warburgstasse,28 20354 Hamburg Germany | Papier Union, GmbH | 100% | |

10. CASH AND CASH EQUIVALENTS

The Cash and Cash Equivalents item can be analysed as follows:

| | <u>30 June 2008</u> | <u>31 December 2007</u> | <u>30 June 2007</u> |
|-------------------------------------|---------------------|-------------------------|---------------------|
| Cash and cash equivalents | 6,144 | 90,358 | 6,579 |
| Immediately available bank deposits | 107 | 1,091 | 334 |
| Cash | <u>6,251</u> | <u>91,449</u> | <u>6,913</u> |

Statement of Cash Flows

The discrimination of cash and cash equivalents for purposes of the Statement of Cash Flows is analysed as follows:

| | <u>30 June 2008</u> | <u>31 December 2007</u> | <u>30 June 2007</u> |
|--|---------------------|-------------------------|---------------------|
| Immediately available bank deposits | 6.144 | 90.358 | 6.579 |
| Cash | 107 | 1.091 | 334 |
| | <u>6.251</u> | <u>91.449</u> | <u>6.913</u> |
| Cash and cash equivalents in the balance sheet | | | |
| Bank overdrafts | (85.566) | (98.525) | (118.871) |
| Cash and cash equivalents in the statement of cash flows | <u>(79.315)</u> | <u>(7.076)</u> | <u>(111.958)</u> |

The current account creditor balances with financial institutions, included in the balance sheet in the Loans item, are part of Bank overdrafts.

11. CAPITAL

On 30 June 2008 and on 31 December 2007, capital was represented by 150,000,000 bearer shares at 1.00 Euro each, fully subscribed and paid up.

With the exception of Parpública - Participações Públicas (SGPS), SA, which controlled 49,084,738 shares, corresponding to 32.72% of the capital and voting rights on 30 June 2008, Cofihold, SGPS, SA, which controlled 8,457,062 shares, corresponding to 5.64% of the capital and voting rights, and Banco Comercial Português with 10,315,846 shares, corresponding to 6.88% of the capital and voting rights, and the yet to be ascribed, as per terms of the law, 553,566 shares of the Banco Millennium BCP Investimento, SA, representing 0.37% of the capital and voting rights and 16,521,635 shares of the Banco Comercial Group Pension Fund, representing 11.01% of capital stock and voting rights. On 30 June 2008, there was no knowledge of other individual or legal entities who held or who were to be ascribed company shares that attributed voting rights equal to or greater than 2%.

On 30 June 2008, the company does not control own shares, and during this semester there was no record of any trading of own shares.

12. LOANS

On 30 June 2008 and on 31 December 2007, the existing loans had the following composition:

| | <u>30 June 2008</u> | <u>31 December 2007</u> |
|---|-----------------------|-------------------------|
| Current Debt | | |
| ° Bank loans | | |
| ° Bank overdrafts and short term financing | 85.566 | 98.525 |
| ° Commercial papers, reimbursable at nominal value, with 1-year maturity, renewable | 130.000 | 103.000 |
| ° Other loans obtained | | |
| ° Securitization of bank debt made by a credit institution | | 125.000 |
| Total current debt | <u>215.566</u> | <u>326.525</u> |
| Non-current debt | | |
| ° Bank loans | | |
| ° Mid and long term financing, to be used in full by 2018 | 107.902 | 80.292 |
| Financing associated with financial assets - Securitization of credits | 134.966 | 133.040 |
| Total non-current debt | <u>242.868</u> | <u>213.332</u> |
| | <u>458.434</u> | <u>539.857</u> |
| | | |
| | <u>30 June 2008</u> | <u>31 December 2007</u> |
| Debt related to financial leases and others | | |
| Non-current, fixed asset suppliers – financial lease | 13.939 | 14.484 |
| Current, fixed asset suppliers – financial lease | 1.098 | 1.089 |
| | <u>15.037</u> | <u>15.573</u> |



On 30 June 2008 and on 31 December 2007, the net amount of consolidated financial debt is as follows:

| Loans | 30 June 2008 | 31 December 2007 |
|--|-----------------------|-------------------------|
| Current | 215.566 | 326.525 |
| Non-current | 107.902 | 80.292 |
| | <u>323.468</u> | <u>406.817</u> |
| Financing associated with securitization of credit | | |
| Financial lease debt | 134.966 | 133.040 |
| | 15.037 | 15.573 |
| | <u>473.471</u> | <u>555.430</u> |
| Cash and cash equivalents | | |
| Negotiable financial investments (marketable securities) | 6.251 | 91.449 |
| Financial investments available for sale (marketable securities) | - | - |
| | <u>6.251</u> | <u>91.449</u> |
| | <u>467.220</u> | <u>463.981</u> |

13. INCOME TAX

The income tax amount shown in the consolidated income statement, on 30 June 2008 and totalling 555 thousand Euros, corresponds to the current tax for the semester of 526 thousand Euros and to the variation in the deferred tax period of 29 thousand Euros.

The difference between the nominal rate (average of 30%) and the real income tax (IRC) in the Group, on 30 June 2008, is analysed as follows:

| | <u>30 June 2008</u> |
|---------------------------------|-----------------------------|
| Net profit before taxes | 1.67 6 |
| Average nominal rate on profit | 30% |
| | <u> </u> |
| Income tax on earnings | -503 |
| | <u> </u> |
| | 52 |
| Tax withheld on bond interest | 54 |
| Permanent differences - France | 135 |
| Permanent differences - Belgium | - |
| Others | 177 |
| | <u> </u> |
| | 40 |
| | <u> </u> |
| | 52 |



Deferred taxes

The amount for deferred taxes on 30 June 2008 and on 31 December 2007 can be analysed as follows:

All situations that can significantly affect future taxes were entered into the financial statements on 30 June 2008 and on 31 December 2007.

In the semester ended 30 June 2008 and in the fiscal year ended 31 December 2007, activity in assets and liabilities due to deferred taxes was as follows:

| | 01-01-2008 | Variations in the perimeter | Fair value reserves and other reserves | Fiscal Year Result | 30-06-2008 |
|---------------------------------|--------------|-----------------------------------|--|-----------------------|--------------|
| Deferred tax assets | | | | | |
| Taxed Provisions | 368 | - | - | -70 | 298 |
| Reportable fiscal losses | 21.742 | - | - | 931 | 22.673 |
| Others | 3.872 | - | - | -152 | 3.720 |
| | 25.982 | - | - | 709 | 26.691 |
| Deferred tax liabilities | | | | | |
| Reassessment of fixed assets | -9.155 | - | - | -177 | -9.332 |
| Amortizations | -8.394 | - | - | -596 | -8.990 |
| Others | -3.531 | - | - | 35 | -3.496 |
| | -21.080 | - | - | -738 | -21.818 |
| Net deferred taxes | 4.902 | | | -29 | 4.873 |

| | 01-01-2007 | Variations in the perimeter | Fair value reserves and other reserves | Fiscal Year Result | 31-12-2007 |
|---------------------------------|------------|--------------------------------|--|-----------------------|--------------|
| Deferred tax assets | | | | | |
| Taxed Provisions | 748 | - | - | -380 | 368 |
| Reportable fiscal losses | 15.670 | - | - | 6.072 | 21.742 |
| Others | 2.547 | - | - | 1.325 | 3.872 |
| | 18.965 | - | - | 7.017 | 25.982 |
| Deferred tax liabilities | | | | | |
| Reassessment of fixed assets | -8.617 | - | - | -538 | -9.155 |
| Amortizations | -5.791 | - | - | -2.603 | -8.394 |
| Others | -3.622 | - | - | 91 | -3.531 |
| | -18.030 | - | - | -3.050 | -21.080 |
| Net deferred taxes | 935 | | | 3.967 | 4.902 |



14. CONTINGENT LIABILITIES

1. On 28 March 2006, the CMVM fined this company for 300,000 Euros, for the violation of art. 7 of the CMVM in disclosing reports and accounts related to the 2002 and 2003 fiscal years and the first semester of 2003.

The company judicially challenged the CMVM decision on the issue and the lawsuit is currently before court (in the Tribunal de Pequena Instância of Lisbon) waiting the scheduling of a discussion hearing and trial. The Group believes this lawsuit will not result in financial impact and therefore no reserves have been constituted.

2. On 1 August 2007, Papelaria Fernandes - Indústria e Comércio, SA filed a lawsuit against Inapa - Investimentos, Participações e Gestão, SA and its subsidiaries.

Inaprest - Prestação de Serviços, Participações e Gestão, SA (extinct company) and Inapa Portugal - Distribuição de Papel, SA in which it requires, in short:

- the annulment of the following acts:
 - The constitution, in June 2006, of a commercial pledge as collateral for the comfort letters issued by Inapa - Investimentos, Participações e Gestão, SA as a guarantee for loans maintained by the company with Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
 - of the business carried out in 1991 that concentrated paper distribution activities at SDP (current Inapa Portugal) and envelope production and commercialization activities at Papelaria Fernandes;
 - of the acquisition, in 1994, of Papelaria Fernandes' share in SDP (current Inapa Portugal);
 - of the credit carry-back carried out, also in 1994, between Papelaria Fernandes and Inaprest.
- Inapa's sentence:
 - maintain the comfort letters issued on behalf of Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo;
 - Indemnify Papelaria Fernandes in case of eventual mobilization of commercial pledge as collateral for comfort letters.



Papelaria Fernandes - Indústria e Comércio, SA later regulated its responsibilities regarding Banco Espírito Santo and Caixa Central de Crédito Agrícola Mútuo whereby:

- the comfort letters issued by Inapa - IPG ceased being an object and were returned by the respective beneficiaries;
- this company subsequently communicated to Papelaria Fernandes - Indústria e Comércio, SA verification of the commercial pledge's resolute condition in its favour.

The 24,460 thousand Euros lawsuit was contested by Inapa - IPG and its subsidiary Inapa Portugal - Distribuição de Papel, SA, and it is currently waiting for the Court to determine the effects of the lawsuit in the dissolution/liquidation of Inaprest - Prestação de Serviços, Participações e Gestão, SA. The Inapa Group believes the referred to lawsuit will not result in significant charges and, as such, no provision has been made.

15. SUBSEQUENT EVENTS

After 30 June 2008, the following events were verified:

a) On 16 July 2008, it was communicated by Albano R.N. Alves - Distribuição de Papel, SA that it held 3,083,851 shares of Inapa IPG, SA capital stock, representing 2.06%, attributed as follows:

- Albano R.N. Alves - Distribuição de Papel, SA.....50 000 shares
- Jorge Augusto Martins Fazendeiro.....3 033 851 shares

It was also communicated that the Albano R.N. Alves - Distribuição de Papel, SA shareholder structure was as follows:

- Amplivértice - Consultoria e Gestão, Unipessoal, Lda (only partner Jorge Augusto Martins Fazendeiro)..... 54.4%
- Albano Retério Neves Alves SGPS, SA45.6%

b) On 30 July 2008, one of the Group's foreign companies sold to third parties the property it owned, which was registered as being worth about 1 million Euros.

IV – Auditor 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, 2008 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 €763.681 thousand and a total shareholders' equity of €149,101 thousand, including minority interests of €1,029 thousand and a net profit of €1,019 thousand), consolidated income statement, 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: (a) 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; and (b) in substantive tests to the unusual significant transactions.

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, 2008 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 14 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 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 8, 2008

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

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